Austria	Sch22	Indonesia	Rp2200	Oman	[illegible]
Bahrain	Din0.700	Iraq	[illegible]	Philippines	[illegible]
Belgium	BFr50	Israel	[illegible]	Portugal	[illegible]
Cyprus	C£0.90	Italy	L2000	Qatar	[illegible]
Denmark	DKr12.00	Jordan	[illegible]	S.Arabia	[illegible]
Egypt	[illegible]	Kuwait	[illegible]	Singapore	[illegible]
Finland	[illegible]	Lebanon	[illegible]	Spain	[illegible]
France	FFr7.00	Lux	LFr58	Sweden	SKr10
Germany	DM2.30	Malaysia	Rin4.25	Switz	SFr2.40
Greece	Dr150	Morocco	Dh9.00	Thailand	Bt50
Hong Kong	HK$12	Neth	Fl3.00	Tunisia	Din0.850
Iceland	Kr125	Nigeria	Naira10	Turkey	L3250
India	Rup15	Norway	NKr10.00	UAE	Dh7.00

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

No.30,986 — Tuesday October 31 1989 — D 8523A

SOVIET UNION

Realism cuts the rouble down to size

Page 22

World News

Police club protesters after vigil in Moscow

Helmeted riot police wielding rubber truncheons repeatedly charged and clubbed demonstrators after a candlelight vigil outside KGB headquarters in memory of Stalin's victims turned into a massive protest march through central Moscow. Protesters were knocked to the ground and beaten. Many were dragged into police buses. Tass confirmed that 40 people were detained.

Setback for Gandhi
Indian Prime Minister Rajiv Gandhi's administration suffered a severe setback when K.C. Pant, Defence Minister, said he would not stand in next month's general election. Page 22

Financier held
Financier Naji Nahas, whose financial dealings forced Brazil's stock exchanges to close last June, has been arrested in Sao Paulo after spending nearly four months on the run.

ANC rebuffed
South Africa's ruling National Party dismissed conciliatory gestures from the African National Congress (ANC) and stressed that a political settlement to the country's conflict remains distant. Page 4

UK isolated
UK Prime Minister Margaret Thatcher faces isolation from her fellow EC leaders at the forthcoming Strasbourg summit over her opposition to the proposed European Social Charter. Page 22

Japanese coalition
The prospect of a coalition challenging Japan's ruling Liberal Democratic Party suffered a setback as Komeito, the Clean Government Party, attacked its potential partner, the Japan Socialist Party (JSP), in a statement. Page 4

E German protests
Hundreds of thousands of East Germans staged pro-democracy demonstrations in three cities but the country's new leader, Egon Krenz, vowed to preserve the Communist hold on power. Page 24, Miners, Page 3

Tamil boycott
Tamil Tigers are to boycott negotiations aimed at bringing peace to northern Sri Lanka after accusing a rival Tamil group of organising a secret army with Indian help. Page 4

Algiers quake
Nineteen people were killed and more than 100 injured when an earthquake hit the Algiers region. Page 4

Korean-US talks
Talks have been held in Pyongyang between senior North Korean officials and a former US State Department official in a sign of an easing in relations between the two countries. Page 4

Tiananmen pull-out
China announced that troops would end their five-month-long guard over Peking's Tiananmen Square and major road junctions by tomorrow, but the city would remain under martial law.

Washington crime
Murder rate in Washington DC has already reached last year's record level of 369 killings after a weekend of drug-related violence, with two months still to go. Page 6

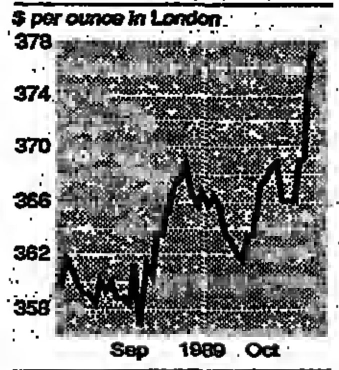
Business Summary

Maxwell sells US printing subsidiary for $300m

BRITISH publisher Robert Maxwell is selling control of a US printing subsidiary to Quebecor, a Canadian company headed by Mr Pierre Péladeau, for $300m. Page 23

GOLD prices touched the highest levels for more than three months as the long-term decline appeared to have been halted by an influx of investment interest sparked by volatility in equity and currency markets. Page 38

Gold price
$ per ounce in London



THOMSON-CSF, French state-controlled electronics group and Crédit Lyonnais, the country's second largest Government-owned bank, received formal approval for a co-operation agreement. Page 23

UNITED SCIENTIFIC Holdings, UK defence contractor, was last night rushing to get out a statement to its shareholders urging them to reject the $174m bid tabled by Meggitt, the specialist engineering group. Page 24

RATNERS, UK jewellery retailer, agreed to buy Weisfield's, a US jewellery chain, for $55m. Page 23

OCCIDENTAL, US oil company which owned the Piper Alpha production platform on which 167 men were killed in 1988, was attacked for its attitude to safety. Page 12

BRAZIL is scouring world markets for up to 1.5bn litres of alcohol as home supplies threaten to dry up, leaving millions of cars without fuel. Page 8

STC Corporation, South Korean flexible packaging maker, is to launch a $30m convertible Eurobond next month to finance expansion in the US and the Philippines. Page 28

BRITISH Airways' chief executive Sir Colin Marshall attempted to quash speculation that he was considering leaving the UK airline because of reported differences with Lord King, BA's chairman. Page 23

MIDLAND BANK, third largest UK banking group, is to establish a wholly owned subsidiary in Turkey, based in Istanbul. Page 28

TOYOTA, Japanese car-maker, is to increase import purchases by 250 per cent in response to friction over Japan's trade surplus. Page 8

COMPAGNIE de Navigation Mixte, French food-to-finance conglomerate which is the target of a $3.6bn bid from Paribas investment banking group, rose sharply in the stock market. Page 24

CHRYSLER, third largest US car manufacturer, may close at least one assembly plant because of production over-capacity in the home market, chairman Lee Iacocca warned. Page 24

FINNAIR, Finnish airline, is to co-operate with Scandinavian Airlines System (SAS) and Swissair to enhance their market position in the next decade. Page 25

STOCK MARKETS: Because of transmission difficulties, US stock exchange prices published in some editions are last Friday's.

Gonzalez returns with one seat majority

By Peter Bruce in Madrid

PRIME MINISTER Felipe Gonzalez' Spanish Socialist Party was returned to power in Sunday's general election, hanging on to its control of parliament with a majority of just one seat.

The socialists' share of the vote dropped by 800,000, and the party shed eight of the 184 seats it won in 1986. The main beneficiary was the communist Izquierda Unida, which won more than 1m new votes and gained 10 more seats to take its total in the Cortes to 17.

The results were in the balance until the last 1.5 per cent of the votes were counted, giving Mr Gonzalez his vital 176th seat.

The outcome, while enabling Mr Gonzalez to continue governing on his own, nevertheless shows widespread discontent with his conservative economic policies, and, perhaps more significantly, the Socialists' style of Government, which has been criticised as autocratic. The communists based their campaign on accusations that the Government has not fairly distributed the wealth generated in the boom of the last two years.

The leading right-wing Partido Popular, with its young new leader, Mr Jose Maria Aznar, did much better than expected. It won 106 seats, one more than in 1986. Mr Aznar said the results had "unblocked" the political logjam created in Spain by seven years of large Socialist majorities.

Nevertheless, the stock market greeted the prospect of a third term for Mr Gonzalez with a small rise in Madrid, where the general index closed 0.03 points up at 304.89. Analysts said investors were still waiting to see whether Mr Gonzalez went ahead with a threatened tough budget to cool the economy and with measures to increase savings.

The results show that the Socialists lost most heavily in Spain's large cities where educated young voters and skilled workers appear to have tried to shift Spanish politics decisively to the left. With the majority intact, this is unlikely to happen, but it is clear Mr Gonzalez owes his victory to poor rural voters and pensioners.

The Partido Popular polled more votes than the Socialists in Madrid for the first time this decade and the Government also lost three of its 16 seats in Barcelona.

Mostly, however, the PP's gains were at the expense of former Prime Minister Adolfo Suarez' Centro Democratico y Social, which has lost five of its 19 seats in the Cortes. The conservative Catalan party, the Convergencia i Unio, held on to its 18 seats and has become the third biggest party in parliament.

Herri Batasuna, the political arm of Eta, the Basque separatist movement, which had previously boycotted parliament, lost one of its five seats. However, it has said it will take up its four remaining seats, making the Socialist majority even more tenuous. Opposition parties are understood to be considering asking for a recount based on suspicions that the final result may have been manipulated. However, the official election commission, which is due to make results available in the next few days, is thought unlikely to accede to any such demands.

One district in Barcelona will have to vote again after a man was apparently caught trying to vote twice.

Thatcher warned to change style by senior Tories

By Philip Stephens in London

MRS Margaret Thatcher, the British Prime Minister, was given a firm warning by her most powerful supporters at Westminster yesterday that she must change her style of leadership if the ruling Conservative Government is to recover from Mr Nigel Lawson's resignation as Chancellor of the Exchequer.

As the differences over the European Monetary System (EMS) – which led to Mr Lawson's departure – continued to divide the senior ranks of the Government, Mrs Thatcher was pressed to reaffirm her commitment to membership of the exchange rate mechanism.

Relations between Mrs Thatcher and Sir Geoffrey Howe, the Deputy Prime Minister, appeared cool in the wake of the discordant tones of their comments on the EMS during the past few days.

The call for a more collective approach to decision-making was delivered by the executive officers of the 1922 Committee – the group of Conservative MPs outside the cabinet led by Mr Cranley Onslow – which represents the party's MPs at Westminster.

The executive met Mrs Thatcher at a pre-arranged lunch at Downing Street, where they were joined by Mr Kenneth Baker, the party chairman, and by Sir Geoffrey.

Sir Geoffrey is thought to have angered the Prime Minister with his strong call in a weekend speech for Britain to underline its enthusiasm to the EMS in the wake of Mr Lawson's departure, even though a copy of his remarks was sent to Downing Street in advance.

Some MPs said they told the Prime Minister politely but firmly that the present disunity in the party posed a serious threat to its electoral fortunes.

She needed to give her ministers a more public role in policy-making and offer then strong support.

Mrs Thatcher was said to have responded positively to the suggestions, but later indications from Downing Street that the Prime Minister remained determined to continue to "lead from the front" cast doubts on how far she was prepared to change her style.

Senior Conservative MPs, however, while remaining firmly loyal in their public

Continued on Page 22
Thatcher and EMS, Page 13

Britain, Spain move to block Franco-German Airbus pact

By Guy de Jonquières, International Business Editor, in London

BRITAIN and Spain have joined forces in an effort to prevent President François Mitterrand of France and Chancellor Helmut Kohl of West Germany from deciding on future production arrangements for the European Airbus without consulting other partners in the programme.

Britain, in particular, is angry that Mr Kohl chose earlier this year to press West Germany's demands for a larger share of Airbus assembly work in private talks with President Mitterrand. The two leaders are due to discuss the matter again at a bilateral meeting in Bonn on Thursday and Friday.

There is concern in London that the Franco-German talks could further politicise the Airbus programme and jeopardise attempts to make it commercially viable.

Although President Mitterrand has so far resisted Mr Kohl's demands, there are suspicions that they may try to reach a bilateral package deal, in which Airbus production arrangements could be linked to co-operation on a military helicopter project.

The British and Spanish Governments have expressed their unhappiness by commissioning jointly a study, which was delivered yesterday. It strongly condemns government interference in Airbus, arguing that management of the Airbus Industrie consortium must be allowed to run the programme as a commercial venture.

The study, written by Sir Jeffrey Sterling, chairman of the P&O shipping group and a part-time adviser to the UK Department of Trade and Industry, and Mr Emilio Gonzalez Garcia, a Spanish banker and industrialist, also calls for further strengthening of Airbus management.

Separately, the supervisory board of Airbus Industrie last week set up a task force, chaired by executives from the British and Spanish aerospace industries, to analyse the impact of the changes sought by West Germany.

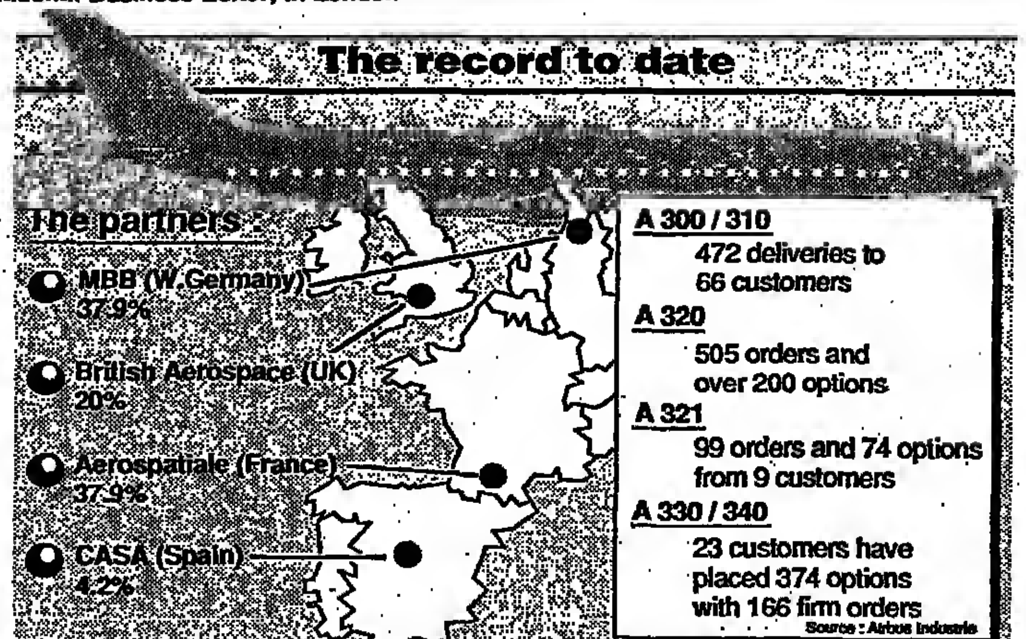
The Anglo-Spanish study was initiated last summer, after Mr Mitterrand and Mr Kohl commissioned their own joint report on Bonn's demands that final assembly of the successful A320 airliner be transferred from Toulouse to Hamburg.

However, the report's French and West German authors differed so widely over the likely costs and benefits of making such a change that they were unable to agree any conclusions.

The Anglo-Spanish study says the West German proposal might achieve cost savings, but would risk disrupting production of the A320.

The study expresses strong doubts that the recent reorganisation of Airbus' management structure, designed to make the programme more efficient, goes far enough. The study recommends that:

- Airbus be turned into a joint-stock company, resembling a private limited company, and its activities placed under the full control of Airbus Industrie;
- A "totally objective" deputy chairman be appointed at Airbus Industrie;
- The powers of Airbus Industrie's recently appointed finance director should be expanded;
- Questions such as the arrangements for assembly and fitting out of aircraft must be decided by the management of Airbus Industrie.



Soviet beer tax gives a taste of the traumas to come

By Quentin Peel in Moscow

IT COULD almost have been in any western parliament. Most of the ruling Politburo were there, and the leading members of the Government humbly in attendance, to hear the full tale of woe of the state of Soviet finances.

The stars were Mr Valentin Pavlov, the Minister of Finance, and Mr Lev Voronin, the Deputy Prime Minister, fighting a rearguard action to stave off the extravagant spending demands of their ministries on one side, and the elected deputies on the other.

In the end, those two great tax milch-cows of many a British Chancellor of the Exchequer seemed to have saved the day. Mr Pavlov gave the green light for a 30 per cent tax increase on cigarettes and tobacco, and 20 per cent on beer, to finance urgent demands for increases in social spending.

He also proposed to soak the rich, via a tax on consumption of fancy foods – caviar, crab and sturgeon – and the public sale of all the official black limousines of the Soviet bureaucracy on order for the coming year.

Nor were the poor spared, for the Soviet foreign aid budget will be slashed by 20 per cent next year, to save another Rs400m.

In so doing, Mr Pavlov appeared to be preparing the great Soviet public, ever so

Continued on Page 22

Courtaulds to spin off textiles in favour of chemical interests

By Alice Rawsthorn in London

COURTAULDS, one of the UK's oldest industrial groups, intends to spin off its textile division, the traditional base of its business, into an independent company and to concentrate on its chemical and industrial interests.

When he announced the demerger yesterday, Sir Christopher Hogg, chairman of Courtaulds, said the two companies lived in "very different worlds." He said it made more sense to run them independently so they could benefit from "focus and autonomy."

The demerger would be one of the biggest staged by a UK company. It would also be one of the few undertaken at a company's own behest, rather than in response to takeover threats. BAT, the tobacco and financial services group, is demerging some of its interests after a Hoylake bid.

The stock market reacted favourably to Courtaulds' announcement. The company's shares, which have performed poorly in recent months reflecting the problems of its European acrylic fibre and UK textile interests, ended the day 15p higher at 362p.

The demerger marks the end of an era for Courtaulds, which has been involved with textiles since the early 1800s when it began as an Essex silk mill.

It would involve splitting the group into two separate companies. Courtaulds, the larger of the two, would be a speciality chemicals group including interests in textile fibres, paints, packaging, films and speciality materials. These operations made operating profits of £142m ($222.9m) on turnover of £1.7bn in the year to March 31.

Courtaulds Textiles, would be the second largest textile company in the UK, after Coats Viyella, with interests in every area of textiles. These interests suffered a fall in operating profits to £50m on sales of £980m last year.

The textiles company would have its own stock market quotation. Shares in Courtaulds Textiles would be given to the group's existing investors in a share split. Sir Christopher said it had not yet been decided how the split would be structured.

The demerger marks the completion of the restructuring of Courtaulds since the early 1980s, during which it has been hauled back from the brink of collapse. The group underwent a frenetic period of expansion in the 1960s under the chairmanship of Lord (Frank) Kearton after fighting off a takeover bid from ICI, the UK chemicals group. Courtaulds then diversified into new areas of chemicals and created a vertically integrated textile and fibre group.

During the mid-1980s the vertical structure has been dismantled so that the textile and fibre divisions could operate independently. The fibre division now sells just £25m of products – less than 10 per cent of its turnover – to Courtaulds' textile companies.

Lex, Page 22

MARKETS

STERLING
New York close
$1.5825
London:
$1.5765 (1.5765)
DM2.90 (2.885)
FFr9.8425 (9.7975)
SFr2.5375 (2.5225)
Y224.25 (223.75)
£ index 88.3 (88.2)

GOLD
New York: Comex Dec
$381.4
London:
$377.25

N SEA OIL (Argus)
Brent 15-day Nov
$19.70 (+0.675)

Chief price changes yesterday: Page 23

DOLLAR
New York close
DM1.83475
FFr6.2295
SFr1.60525
Y141.90
London:
DM1.8365 (1.8305)
FFr6.235 (6.215)
SFr1.607 (1.6005)
Y142.10 (141.95)
$ index 69.5 (69.6)
Tokyo close: Y142.17

US LUNCHTIME RATES
Fed Funds $8\frac{11}{16}$%
3-mo Treasury Bills:
yield: 7.997%
Long Bond:
$102\frac{1}{16}$
yield: 7.936%

STOCK INDICES
FT-SE 100:
2,112.2 (+30.1)
FT Ordinary:
1,701.7 (+23.2)
FT-A All-Share:
1,066.26 (+1.3%)
New York close
DJ Ind. Av.
2,603.48 (+6.76)
S&P Comp
335.50 (+0.44)
Tokyo: Nikkei
35,417.44 (−109.65)

LONDON MONEY
3-month interbank:
closing $15\frac{1}{4}$% ($15\frac{3}{16}$)
Liffe long gilt future:
Dec $92\frac{13}{32}$ ($92\frac{7}{32}$)

MARKET REPORTS: CURRENCIES, Page 46; BONDS, Pages 28, 29; COMMODITIES, Page 38; EQUITIES, Pages 39 (London), 47 (World).

CONTENTS

Pakistan cuts through the red tape jungle

Pakistan's bureaucratic undergrowth has become so dense that the country has fallen far behind over the last two decades. Now the government of Ms Bhutto is spearheading an attempt to boost new foreign investment 20-fold. Page 8

Israel: Coy over a South African weapons connection 10
Insolvency: Busy times ahead 12
UK Business: Reshaping Courtaulds 20
Editorial Comment: Bridging the skills gap; Bigger is not always better 20
Opinion: An appeal to change Britain's policy on Cambodia 21
Lex: Courtaulds; Markets; Paternoster square; Gold 22
Recycling: Survey 33-36

Europe	2-4	Agriculture	38	Gold	38	Raw Materials	38
Companies	23,24	Arts-Reviews	19	International bonds	28,29	Stock Markets	39-49
America	6	World Guide	19	Intl. Capital Markets	28,29	-Wall Street	48,49
Companies	23,25	Commodities	38	Law Reports	37	-London	44,45
Overseas	10	Crossword	46	Letters	21	Technology	16
Companies	23,27	Currencies	46	Lex	22	Unit Trusts	40-43
World Trade	8	Editorial Comment	20	Management	14	Weather	22
Britain	11-19	Euro-options	46	Money Markets	46	World Index	56
Companies	30-32	Financial Futures	46	Observer	20		

Danish minister resigns

By Hilary Barnes in Copenhagen

THE DANISH Prime Minister, Mr Poul Schlüter, lost one of his most experienced cabinet members yesterday when Mr Palle Simonsen resigned as Finance Minister to become chief executive of a big state-owned pension fund.

Mr Henning Dyremose, Minister of Labour, becomes the new minister of finance.

Mr Simonsen's decision to leave the government after seven years, 5½ of them as finance minister, appears to be motivated entirely by a wish for a change of scene.

But his resignation is a serious blow to the prime minister. Mr Simonsen is an experienced and trusted negotiator who has steered the minority government through many tricky parliamentary crises.

The government now finds itself in a difficult situation and may be forced to resign in December when a majority of parliamentary deputies are expected to vote against the 1990 Finance Bill.

Mr Schlüter, announcing the resignation, praised Mr Simonsen's "competence" as finance minister, and said he understood his colleague's decision to leave after so many "grinding years" in the post.

More than one winner in Spain's election

Peter Bruce in Madrid assesses the outcome of a close race

WHO LOST? A third absolnte majority, even by just one seat, is an impressive performance by any standards. Had Spaniards voted in Sunday's general election on a first-past-the-post system as used in Britain, Mr Felipe González' Socialist Workers Party would now be practically alone in the Cortes.

But proportional representation offers something to everybody. The main opposition party, the right-wing Partido Popular, led in this election by young Mr Jose María Aznar for the first time, did remarkably well to increase its vote slightly and break the "Fraga ceiling" – the level it was assumed it could never pass under the party's former president, Mr Mannel Fraga.

Easily the most spectacular success though, was that of the Communist-led Izquierda Unida (IU), which has more than doubled its seats from seven to 17 and probably accounted for most of the 800,000 votes lost by Mr González.

There were two losers. Mr Adolfo Suarez, the former Prime Minister, saw his Centro Democratico y Social (CDS) lose five of its 19 seats and has probably paid the price for being overly populist and swinging freely between right- and left-wing positions on almost every subject under the sun in the past two years.

The CDS is now smaller in the Cortes than both the IU and the conservative Catalan nationalist party, Convergencia i Unio, which held on to its 18 seats to become the third biggest party.

The other important loser was Herri Batasuna, the political wing of the Basque terrorist group, Eta, which lost one of its five seats – ironically, the one it held in Navarra, which it wants incorporated into the Basque country.

There will be murmurings of discontent about the result, giving the Socialists 176 seats in the 350-seat Cortes.

After an evening in which normally reliable exit polls changed tack four times, the government was still saying at 3am that, with 98 per cent of the votes counted, it had won 175 seats.

The right-wing newspaper ABC predicted yesterday that the opposition would ask for a recount, because it was suspicious of the way the final seat had gone to the Socialists.

But by late yesterday no parties had made formal complaints. And the chances of the state electoral commission stripping the Socialists of that final seat when it announces definitive results in a few days, taking into account the votes of Spanish citizens abroad, seemed fairly remote.

One IU leader insisted that "the Socialists will have to find other ways of exercising power" – implying that a reduced majority would force the party to soften its conservative economic policies, and modify its allegedly arrogant style of government.

But that remains to be seen.

Mr González made no promises of a change of course during his campaign, and if there is any immediate conclusion to be drawn from his victory, it is that the country is probably in for more of the same. So Spaniards are bracing themselves for continued efforts to tighten spending and credit in order to bring down inflation (now running at nearly 7 per cent year-on-year) and cut consumption.

Most economists expect the Socialists to introduce a tough budget for next year, with possible increases in indirect taxes to combine with the current credit squeeze. That budget is not likely to see the light of day until December, however.

Mr González has about three weeks to form a government, and the key question is whether he will keep Mr Carlos Solchaga as Finance Minister. Mr Solchaga is hated by the unions and the left and the resignation from politics of Mr Francisco Fernández Ordóñez, the Foreign Minister, does leave space for a reshuffle.

For the moment, Mr Solchaga appears safe. The Foreign Ministry will probably go either to Mr Javier Solana, the Education Minister, or to Mr Narcis Serra, leader of the Catalan Socialist party and current Defence Minister.

Green parties mounted a determined effort in Sunday's election for the first time in Spain. But they never managed to present a truly united front. Some green tickets were conservative, others radical and some frivolous. As a result, no seats in the Cortes for any green. The Spanish Greens obviously have a lot of work to do. Spaniards are not the most environmentally conscious people in Europe. At one district, close to the Vandellos 1 nuclear power plant whose cooling systems were almost destroyed by a fire two weeks *ago, the local green challenge attracted just seven votes.*

Mr Anguita (left) and friend celebrate on election night

Warning shot by Anguita across capitalism's bows

By Peter Bruce

IT IS perfectly reasonable to argue that Mr Julio Anguita, a 48-year-old, handsome, chain-smoking divorcé, was the real winner of Sunday's general election.

His Izquierda Unida (IU), a gronping of once fractious Communist parties, won 10 new seats in the Cortes in Madrid, taking its representation to 17. After a fiery campaign in which it accused Mr Felipe Gonzalez of selling out his Socialist principles and of promoting greedy capitalist policies, the IU won 1.8m votes, over a million more than it did in the last election in 1986.

Those votes, it seems clear, were taken mainly from the Socialist left and probably also contain a great number of young supporters who have voted for the first time.

Mr Anguita remained aloof from many of the personal insults that flew during the campaign. But he is *not* a timid man. After he was elected mayor of Cordoba *in* 1979, he carried a gun to protect himself from Fascists who threatened to kill him.

He won again in Cordoba in 1983, easily beating a left-wing Socialist for the job, and became, reluctantly, leader of the Spanish Communist party early last year. His dark good *looks* and his efforts to return to Cordoba's Moslems a church now owned by the Catholics, earned him the nickname "the Red Caliph".

Mr Anguita's success contains an important message for foreign businesses that have flocked to invest in Spain. In the view of a large number of people, they are not welcome. An orthodox Communist, Mr Anguita said that Mr Gonzalez had chosen an "easy" economic path for Spain. "They have wanted to show they could get the economy to grow, that Spain can join exclusive clnbs, but without realising that they have joined as dependents, invaded by foreign capital," he said.

Spanish capitalism should be utterly destroyed. "Mine is a brutal attack on our capitalist system. I want it dead. If I could do it, this capitalist society would die tomorrow. I would bury it with my own hands and then smoke a packet of cigarettes on the grave."

Under Mr Anguita the IU is likely to become the parliamentary voice for both the Communist and the Socialist trade unions in their efforts to force the Government to increase social spending.

Whether he makes good use of Parliament to do so remains to be seen, however. With the Socialists back in power with an absolute majority, they will not need to make pacts with other parties, and *life in the* Cortes, as it has become for most of Mr Gonzalez's opponents in the past seven years, could continue to be dull.

EC energy ministers in accord on prices

By Lucy Kellaway in Luxembourg

EUROPEAN energy ministers yesterday took a small step towards a common market by agreeing to a Commission proposal that would make electricity and gas prices paid by large customers more transparent.

Officials said that outstanding objections to the scheme would shortly be resolved.

However, there was almost no progress on the Commission's other plans to open up the energy market. Mr Antonio Cardoso e Cunha, Energy Commissioner, said that the slow progress was to be expected. "A single market is not going to happen by itself – there is a long road ahead."

Ministers discussed plans to give electricity companies in one member state access to networks in another, but talks on this delicate subject were postponed until industry groups have produced detailed plans. Spain remains strongly opposed as it fears that Portugal will stop importing Spanish energy in preference to cheaper supplies from France.

Community schemes for opening up gas networks and for providing information on new energy investments met strong resistance from members. Under the Commission's plans for price transparency, electricity and gas utilities would have to inform the Commission of prices charged to industrial clients and the Commission would subsequently publish average prices.

Earlier problems raised by some member states about confidentiality were dropped following assurances from the Commission on the confidential conduct of its statistical service.

Two problems remain before the transparency directive can be passed. The UK is concerned that the measure may interfere with its moves to encourage competition and would like it limited to monopolies.

Greece, meanwhile, is worried about endangering its nascent gas industry, and is proposing that the disclosure rules should only apply to companies with more than 10 per cent of the energy market.

Democrats hold Rome council

By John Wyles in Rome

ABSTENTIONS reached almost record levels in the Rome city council elections which closed yesterday, but the overall balance of power between the parties remained very much the same.

With about half the votes counted, the Christian Democrats remained the largest party, followed by the Communists. With 32.4 per cent of the vote, Christian Democrat support was fractionally lower than in the same elections five years ago. The Communists lost 3.4 points, while the Socialists gained 3.1 and the Greens emerged as the third largest party, with 6.9 per cent.

Turnout fell from 87.69 per cent in 1985 to 80.4 per cent.

Regional parties put down a marker

By Peter Bruce

SOMETHING important nearly happened to Spanish politics on Sunday, writes Peter Bruce.

It was not so much that Mr Felipe Gonzalez' socialists almost lost their overall parliamentary majority. Neither was it necessarily that the communist vote tripled or that the once weak right wing Partido Popular more than held its own.

The important thing was that regional parties nearly did enough damage to the socialists to force it either into coalition or pact with one of them. Many political analysts in Spain agree that sooner rather than later the country's politics will disintegrate to such an extent, and that regional nationalist parties will become so entrenched, that any central government will only be able to function in conjunction with one or more of them.

Sunday's results – which still have to be ratified by the electoral commission – make the possibilities most clear in the Basque Country and Catalonia. The three Basque "democratic" parties, the Basque Nationalists (PNV), the conservative Eusko Alkartasuna and the leftish Euskadiko Ezkerra, won nine seats between them, robbing Herri Batasuna, the political wing of the terrorist group ETA, of one of its five seats.

Had Mr Gonzalez lost his majority he would most likely have had to come to some sort opf agreement in the Cortes with the PNV, with which the socialists govern in coalition in the Basque Country.

Likewise in Catalonia, where the provisional official results gave the conservative nationalist party, Convergencia i Unio, 18 seats, to make it the third biggest party in parliament in Madrid. Apart from its rather provincial focus, the Convergencia contains leaders such as Mr Miguel Roca who would have *little difficulty* working in the same Government as someone like Mr Gonzalez.

The possibilities are, however, endless. Majorities or minorities in Spain, because of the system of proportional representation in use, will tend to be narrow, and Sunday's vote has thrown up a host of small parties capable of making up majorities.

In Andalucia, the Partido Andalucista has been returned to the Cortes in Madrid for the first time since 1979, with two seats. In Valencia, the local nationalist grouping also won two seats and the Aragonese party held on to its one seat.

The strength of these parties lies in their ability to exploit Spain's entry into the European Community and to attract young voters who are no longer impressed by bigger, more distant, national parties.

If, as the socialist electoral curve suggests, this is the last majority they will win in the Cortes in at least the medium term, then whoever succeeds Mr Gonzalez (he has said he will not run again) is likely to have to look for help from the regions. They are likely to prove a far safer and less demeaning bet than having to get into government with one of the hated great national rivals.

EUROPEAN NEWS

Stoltenberg plan for 15% cut in German troops

By David Marsh in Bonn

THE SIZE of West Germany's armed forces is set to shrink by 15 per cent to 420,000 military personnel by the mid-1990s as a result of army, navy and air force cuts put forward by Mr Gerhard Stoltenberg, the Defence Minister.

The cuts, discussed by Mr Stoltenberg at a weekend meeting with defence chiefs and senior civil servants, are due to be formally decided by the Government in the next few months, probably in December.

The reductions, criticised by the opposition Social Democrats yesterday as too half-hearted, are the result of falling funds and manpower.

Mr Stoltenberg, who has tried to put armed forces planning on a more realistic basis since taking over in April, is battling with diminished public support for the Bundeswehr. This reflects the perceived fall in the military threat from the Soviet Union.

One former high-ranking Defence Ministry civil servant said yesterday of the Defence Minister's predicament: "Stoltenberg is fighting against three factors – Gorbachev, money and Zeitgeist [spirit of the times]."

Under the Defence Ministry's proposals, the number of divisions in the standing army will be maintained at 12, but their state of readiness for service within Nato will be reduced. The number of full army brigades will be cut from the present 36, with greater reliance to be placed on reserves.

Because of the lower number of young men available for call-up, the Bonn Government already planned to cut the armed forces' strength during the 1990s to 456,000 men under arms – a level termed the "operational minimum". The decision at the beginning of the year to abandon a planned three-month extension in military service has made the reduction still greater.

Underlining the crisis of identity assailing the Bundeswehr, a Frankfurt court last week upheld the innocence of a doctor who had said all German soldiers were "potential murderers". The verdict was criticised by both Mr Stoltenberg and Mr Helmut Kohl, the Chancellor, as undermining the acceptance of the Bundeswehr in West German society.

Devaluation brings zloty nearer government target

By Christopher Bobinski in Warsaw

POLAND devalued its domestic currency, the zloty, by 12.6 per cent against the dollar yesterday as Parliament debated the Government's budget for the last two months of the year, which includes the first step towards privatising state-owned industry.

The devaluation brought the official dollar rate, now standing at Zl 2,400, another step nearer the Government's Zl 3,300 target for the end of the year.

It also means that the United States currency's value has increased by 40 per cent for Polish exporters since the Solidarity-led cabinet came into office last month.

The value of the dollar on the legal free market – around Zl 7,000 – has fallen by around 40 per cent in the same period, while Polish importers who have to buy their hard currency at state-run auctions are now paying around the same rate.

Meanwhile, in Parliament, Mr Leszek Balcerowicz, the Finance Minister, presented a revised version of the budget which seeks to hold the deficit at Zl 4,700bn, or nearly 14 per cent of total spending.

In a new move to increase revenues, the Government intends to issue bonds which the owners will be able to use to purchase shares in state-owned companies.

The value of the bonds is to be linked not only to the increase in the rate of inflation but also to the free-market rate of the dollar, and they will carry a 20 per cent bonus if spent on shares in any future privatisation.

The Government – which recently appointed Mr Krzysztof Lis, head of an independent consulting firm, to map out a legal framework for privatisation of the state companies – hopes to raise Zl 800m in this way by the end of the year.

Turkey unhappy with pace of Bulgarian peace talks

By Jim Bodgener in Ankara

TALKS between Turkey and Bulgaria on the plight of the latter's 1m-strong ethnic Turkish minority got off a shaky start in Kuwait yesterday.

The Turkish Foreign Minister, Mr Mesut Yilmaz, described progress as "insufficient", though a joint communiqoé called the meeting encouraging.

The two sides agreed to resume meeting in Knwait again next month. Yesterday's get together was proposed at an extraordinary meeting of foreign ministers of the Islamic Conference Organisation in New York on October 4.

Some 300,000 ethnic Turks from Bulgaria poured into Turkey last year, complaining of harassment. Ankara wants a comprehensive migration agreement and assurances about the treatment of those remaining.

Turkey closed its borders on to ethnic Bulgarian Turks without visas on August 22. Particularly embarrassing the government since have been the 50,000 returning to Bulgaria, disappointed that Turkey was not the promised land.

Turkish officials said they wanted to secure property and other rights for Turks who left Bulgaria, regulate the flow of new refugees and protect the rights of those who stayed behind.

The talks were hosted by Kuwait, currently chairman of the 46-member Islamic Conference Organisation.

Stefan Staikov, head of the Balkan department in the Bulgarian Foreign Ministry, said Bulgaria had come to Kuwait prepared to discuss all topics across the board.

These could include "humanitarian issues - the reunification of divided families, for instance, (and) to give more facilities for those who crossed the border and travelled to foreign countries," he told Reuters.

The two ministers declined to make any further statements at the end of the talks.

● The Kuwait meeting came at a critical time for Mr Yilmaz. He is one of several aspirants jockeying within factions of the ruling Motherland Party (ANAP) to replace the Prime Minister, Mr Turgut Ozal, when he takes over from President Kenan Evren on November 9.

A fait accompli was expected for Mr Ozal in today's third round of parliamentary voting for the presidency. Compared with the two-thirds required in previous rounds, only a simple majority is required in the 450-seat house. Mr Ozal took 256 votes in the second round last week.

The opposition has boycotted the voting, claiming ANAP's low point in opinion polls, due to high inflation, leaves Mr Ozal without popular mandate.

Other hopefuls include Transportation Minister Mr Cengiz Tuncer, former education minister, Mr Hasan Celal Guzel, and the Deputy Premier, Mr Ali Bozer. Odds on the once-rated Finance and Customs Minister, Mr Ekrem Pakdemirli, are fast diminishing, as he lacks strong backing within ANAP.

Turgut Ozal: 'fait accompli'

Timing key to Pozsgay prospects

By Judy Dempsey in Budapest

HUNGARIAN legislators yesterday began a debate in which they are expected to decide whether to hold a plebiscite on the timing of the next presidential elections.

Parliament's decision will have a crucial impact on the chances of Mr Imre Pozsgay, the radical reformer from the ruling Socialist (formerly Communist) Party, of succeeding in his bid to become head of state. He has pinned his hopes on the presidential election taking place next month.

This is being opposed by the Association of Free Democrats, one of the new opposition parties that will fight next year's free parliamentary elections, and by the independent youth movement Fidesz.

These groups want the president to be elected by the parliament that emerges from next year's elections – in which the ruling party will form only a small part.

By gathering more than 200,000 signatories parliament is now legally bound to decide when the referendum will be held. Whatever the decision, the timetable for the transition has undermined Mr Pozsgay's chances of being elected the first president of the Hungarian Republic.

W Germans workers' rights plan

By David Goodhart in Bonn

A COMMON FRONT of West German employers, unions and Government has proposed a nine-point plan for minimum rights at work, considerably more specific than most existing plans, to be incorporated into the EC's forthcoming action programme.

The action programme, to be drawn up at the end of November, has thus been the focus of more attention from West Germany's unions – the most powerful in the EC – than the Social Charter, which they fear may be largely symbolic.

The West Germans originally wanted the nine-point plan, agreed at the weekend, to be incorporated as an *appendix to the Social Charter* too, but will probably have to accept its exclusion.

The plan includes: a minimum of four weeks' paid holiday per year; 14 weeks' paid pregnancy leave; a minimum full-time working age of 15 years and limit of 40 hours' work a week for workers under 18; sick pay; paid days off for national holidays; protection for contract workers; integration of the disabled; health and security at the workplace; and the right to employment advice.

Many of these points are already incorporated into most EC countries' legal or industrial relations systems. However, some countries would have to raise their legal minimum levels in particular areas. Surprisingly, West Germany itself is one of only two countries – the other is Ireland – with a legal minimum holiday time of less than four weeks. In West Germany, however, unlike Ireland, it is improbable that any more than a handful of workers receive only the minimum.

On pregnancy leave, the Netherlands and Portugal are slightly below the 14-week level; Italians can start work at the age of 14; and, according to researchers at the European Trade Union Institute in Brussels, some of the southern European countries might have trouble conforming to the sick pay rule.

The West Germans have a higher degree of employer-union-government consensus on "Social Europe" than most other EC countries and Mr Helmut Kohl, the Chancellor, has backed the cause. But the nine-point plan – signed by the Federation of German Employers (BDA), the German Trade Union Federation (DGB), and the Bonn Labour Ministry – is intended to be a practical programme acceptable, with perhaps minor modifications, in all EC countries.

The DGB, the main force inside the European TUC, says it would have preferred a tougher list.

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E Germans jib at price of victory

By Leslie Colitt in Altenberg

DISCONTENT IS growing in this monntainous mining region in southern East Germany, where citizens say they are fed up with being victimised by the Communist party leadership in East Berlin.

Altenberg extracts tin ore from marginal, high-cost mines surrounded by pine forests blighted by acid rain from lignite-burning power stations on both sides of the border.

It also produces Olympic champions for the East German sport machine at a lavish winter sports training centre built by Dynamo, the sport club of the People's Police.

Six hundred miners at Altenberg's tin mine have threatened to go on strike tomorrow if their catalogue of 38 "problems" was not fully dealt with by the authorities.

In the first incidence of labour stoppage in the wave of protests sweeping the country they downed tools on October 3 and worked to rule for the next two days.

Jolted by the warning strike, party officials reacted to the first demand – restoring visa-free travel to Czechoslovakia "for all citizens" – by offering to give the miners a special travel stamp in their identity papers. Only a few miners, however, took up the discriminatory offer.

In reaction to similar pressure from all over the country, the leadership decided to restore unrestricted travel to Czechoslovakia beginning tomorrow.

In their petition to the authorities, the miners modestly referred to their strike as "measures" which they said were "depressing and sad for every worker" but which were taken in order to call attention to long-accumulated problems.

Why they asked were resources being drained from the town by the costly, ultra-modern training facilities for East German skiers and bobsledders and by a plush nearby recreation facility of the Interior Ministry?

They also wanted to know why East Berlin was "being dressed up" at the cost of the rest of the country and was better supplied with consumer goods, food and cars.

The workers were told by local party and union officials that not everything could be tackled at once and that many of the problems could only be dealt with by East Berlin.

At a first discussion between a local official and more than 500 people last Thursday in the Cultural Hall in Dippoldiswalde, the seat of the district in which Altenberg lies, one miner got up and protested about the attempt to "pacify" the workers.

He was roundly applauded. Someone else criticised the costly winter sports training facilities as being beyond what East Germany could afford.

Mr Jürgen Oertel, chairman of the District Council, who presided over the meeting, replied: "But we are all happy about the biathalon gold medal won by Frank-Peter Rötzsch last winter, right?"

A man in the audience replied that, with construction workers drained away from the local economy by projects in East Berlin, the population could neither "build anything or get food" with a gold medal. Ironically, the East German Sportwunder may be handed its biggest defeat not by the competition but by aroused citizens who are tired of footing the bill.

EUROPEAN NEWS

Racist undercurrents surface in Norway

Robert Taylor looks at an ugly mood of suspicion and isolationism after recent polls

Norway is not a country usually regarded by outsiders as a hotbed of racism. With its maritime and democratic traditions and one of the highest living standards in the world, it is thought to be a tolerant and civilised society. But times may be changing.

During last month's Norwegian general election campaign there was an ugly undercurrent of resentment expressed against the foreign born. None of the party leaders were unscrupulous enough to exploit this in the search for votes and the media showed restraint but the silence could not hide the uncomfortable fact that the issue is increasingly prominent.

Many Norwegians remain deeply suspicious of foreigners, particularly those with black skins and they are less than enthusiastic about any future ties with the European Community. In their self-imposed righteous isolation, many want to protect what they have created from what they see as alien influences.

This underlying mood of national xenophobia will make it very hard indeed for the new Norwegian coalition government to take a positive view of its relations with the EC, even in the wider context of co-operation with its partners in the European Free Trade Association who want to forge a closer alliance with Brussels.

"We are one of the richest countries in the world and yet many Norwegians have a hostile attitude towards foreigners. It is rather shameful," said a leading member of the country's Conservative party last week. Despite the pressures his party has refused to use the issue for its own advantage.

"The smell of garlic on the stairways is a potent factor shaping Norwegian attitudes nowadays," admits a close adviser of former Labour Prime Minister Mrs Gro Harlem Brundtland.

The populist Progress Party, which won 22 seats in the recent general election and 13 per cent of the vote, is regarded by Norway's anti-racist pressure groups as a body that is ready to make room for the more sinister forces on the fringe of Norwegian politics. But its leader Mr Carl I Hagen is quick to deny the racist charge even if extremist groups like Mr Myrdal's Movement told their supporters to vote Progress.

There can, however, be no mistaking the active concern among immigrant organisations at the deterioration in race relations that is taking place in Norway at the moment. A few weeks ago an estimated 5,000 people attended a protest rally outside Oslo's old university in the centre of the city to express their solidarity with coloured immigrants.

Certainly the number of racist incidents is increasing. Last year there were an estimated 700 complaints from immigrants to the Anti-Racist Centre about harassment, nearly half concerning attacks related to skin colour. This year the situation has worsened. Until June there had been 500 calls about racial intimidation, half of them involving violence.

Carl I Hagen, leader of the opposition Progress party, who denies racist charges.

Although there is no outwardly extreme racist group, like Mr Le Pen's National Front in France, all parties in the new Parliament are very much on the defensive. "People from abroad are surprised about what is going on here," admits a leading Conservative.

"But they forget that Norway has no past experience of great migrations. The country is very racially homogenous."

"Norwegians have a deep sense of their isolation from the world," admits Annette Tomasson, who heads the National Organisation for Political Refugees.

It was that mood which helped to swell the No vote in the 1972 referendum when Norwegians opposed their country's entry into the European Community. The recent general election result which produced no clear political verdict did, however strengthen the anti-EC forces in Parliament.

"A future debate about Norway joining the EC could degenerate into a discussion about whether we really want Greeks and Spaniards to come and live here," said one prominent Conservative.

Yet the facts ought to calm even the most paranoid Norwegians. Only about 2.5 per cent of the country's 4m population are foreign born and less than half that number are non-white. Full scale immigration to Norway ended as long ago as 1975 and all the parties agree the door should be kept firmly shut.

Norway does accept a United Nations annual quota of 1,000 refugees and this is honoured to the letter. The real source of the trouble arises from the number of political asylum seekers coming to Norway. Two years ago as many as 8,613 settled in the country, a huge 2,722 increase on the 1986 figure.

Since then the Labour government has tightened controls and immigration officers are showing much more rigour in dealing with asylum applications. No more than 1,843 were granted asylum last year.

What fuels considerable resentment among many Norwegians is that political refugees who arrive in the country have often been accommodated in luxury hotels in resort towns because of the lack of housing.

It is often suggested that foreigners receive lavish benefits for which they have not contributed from a welfare state already under pressure although research findings show that foreigners become a net asset to the economy within three years of arriving.

"You cannot win either way," complained one immigrant from Bangladesh. "If you have a job they say you are depriving a Norwegian of his entitlement. If you don't have a job they say you're sponging on the welfare state."

Many of the more racist views, like those of Mr Jack Hughes, of Oppose Immigration Movement, remain on the margins but they are gaining respectability.

The election result has done nothing to clear the air. On the contrary, it threatens to turn Norway into an even more introspective country.

Ciba-Geigy plans to head new drug safety institute

By Peter Marsh

A GROUP of leading pharmaceutical companies, led by Ciba-Geigy of Switzerland, plans to set up a new international institute to co-ordinate research into the safety of medicines.

The initiative comes after several years of concern in the industry about damage to the image of the business caused by publicity related to unpleasant side-effects of drugs.

According to the plans of Ciba-Geigy, Switzerland's biggest chemicals and drugs company, the institute would be set up by the end of the year and focus on weighing up the risks and benefits to patients of using healthcare products.

The company hopes it can gain the support of a large number of other healthcare groups to pay the running costs of the institute, which would initially come to some $1m a year.

The institute would publish results into studies comparing the activities of the pharmaceutical industry on improving health with the impact of "rogue" drugs which have an unacceptably high level of unpleasant side effects.

It might also have a role in setting standards for drug-safety trials, particularly studies by drug companies of the impact on patients' health of new formulations after they go on sale.

These so-called post-marketing trials have attracted some criticism on the grounds that, if they are not properly organised, they can take the form of marketing campaigns to boost the sales of new products rather than obtain useful scientific data.

Ciba-Geigy has been talking to other companies about the initiative for the past two years and hopes that some will publicly declare they want a leading role in the project.

Among companies which have expressed an interest in the scheme are Pfizer and Merck of the US, Hoffmann-La Roche of Switzerland, Britain's Glaxo and Imperial Chemical Industries and Yamanouchi and Takeda of Japan.

Ciba-Geigy recently organised a conference in Tokyo to discuss its ideas and says it was heartened by the response to the initiative by much of the Japanese drugs industry.

Ciba-Geigy believes the new institute – visionally titled the International Medical Benefits/Risks Foundation – needs to win the support of the medical community and government drug-licensing bodies.

Hungary raises salaries to stem major brain drain

PRIME Minister Miklos Nemeth has offered scientific researchers a pay rise 16 per cent above inflation to try to staunch a major brain drain from Hungary, Reuter reports from Budapest.

In a letter to the Hungarian Academy of Sciences reported by the state news agency MTI on Monday, Nemeth said education, health and science should no longer be financed under the "residual system" based on what was left over in the budget.

Of Hungary's 25,000 scientific researchers, 12 per cent a year take up work abroad because of poor financial and technical conditions, MTI said. A quarter do not return within five years, and many take up permanent residence abroad.

The brain drain has accelerated this year, with up to 10 researchers a day accepting invitations to go abroad, mainly to the West.

Relatively low pay for academics in Hungary is a legacy of four decades of Communism, an ideology which traditionally accords greater status and rewards to blue-collar workers.

Iata fears congestion

THE INTERNATIONAL Air Transport Association (Iata) yesterday discussed air congestion and security at its first meeting in an East bloc country, Reuter reports from Warsaw.

Iata Director General Guenter Eser said the organisation's 187-member airlines had doubled net profits in 1988, to $1.6bn from 1987 on scheduled international services.

But he said increasing congestion in the skies might soon halt the speedy development of the industry.

Iata has identified 16 European airports as being "very congested" especially in Spain, Italy and Greece.

"Instead of the market place deciding the course of the industry, operational constraints will determine who flies where and when," Gen Eser said.

Some airlines had complained that governments had made excessive demands on the carriers' security services after the bombing of a Pan Am airliner over Scotland last December which killed 270 people, Gen Eser said.

AMERICAN NEWS

Da Nobrega pressed to ease spending curbs

By Ivo Dawnay in Brasilia

POLITICAL pressure is mounting on Mr Mailson da Nobrega, Brazil's embattled Finance Minister, to relax his curbs on government spending.

Despite a monthly inflation rate nearing 40 per cent, both business lobbies and President José Sarney are widely reported to be urging the release of new funds for a series of prestige projects.

There are also reliable reports that Mr Sarney wants to introduce a new price freeze shortly after the presidential election ends on December 17 in order to hand over power with monthly inflation below double digits.

Mr da Nobrega and Mr João Batista de Abreu, the Planning Minister, strongly oppose such a move and have both threatened to resign rather than impose a new package. They fear that a freeze would be ignored and would only speed the onset of hyper-inflation.

A new freeze would also seriously weaken the hand of Mr Sarney's successor when he starts to prepare the inevitable package of economic measures that must follow the inauguration, scheduled for March 15.

But as the Sarney government comes to an end, ministry officials are finding it increasingly difficult to resist the inevitable stampede of special pleaders determined to get one last bite at the fast-diminishing cake.

First among these are the large civil engineering and construction companies, said to be owed an astonishing $3bn by the federal government.

As traditional financiers behind politicians' electoral campaigns, the construction companies are said to charge highly for their services and to promote aggressively grandiose projects.

Mr Batista has already been arm-twisted into releasing some Ncz2.24bn (£270m) for a series of transport schemes, including more work on Mr Sarney's controversial North-South railway and roads in his home state of Maranhão.

Further sums have been allocated to the agriculture ministry and for pay rises for civil servants, in one last attempt to win their approval.

Moreover, while Mr Sarney was away at the regional summit in Costa Rica last weekend, Mr da Nobrega only narrowly avoided a clash with the acting president, Mr Paes de Andrade, over the payment of a substantial pay rise to employees of Banco do Brasil, the state-owned bank.

A career finance ministry civil servant, Mr da Nobrega is caught in an unenviable dilemma. He is convinced that only tight spending controls can see Brazil through to the installation of a new government.

Yet he knows that if he does not give some ground he could be dismissed and consequently be held responsible for any inflationary surge that followed.

"They are trying to make me the scapegoat for the crisis," he reportedly told colleagues, amid rumours at the weekend that his dismissal was imminent. Strategically, his words were immediately leaked.

Washington's murder record grows worse

By Lionel Barber in Washington

THE murder rate in Washington DC has already reached last year's record level of 369 killings after a weekend of drug-related violence, with two months still to go.

Despite the Bush administration's pledge to make it a test case for national anti-drug strategies, this enhances Washington's reputation as the murder capital of the western world.

Last week, President George Bush vetoed the city's annual spending bill, which contained a $32m (£20m) federal anti-crime package, because it would have allowed the council to use local tax money to finance abortions for poor women.

The money will be restored, but the veto means a delay in recruiting 1,000 more police officers, as well as the start of new education and treatment programmes for addicted pregnant women.

Washington already suffers from the highest infant mortality rate in the country, partly because of cocaine addiction among women.

In the first six months of this year, the mortality rate increased 50 per cent to 32.3 deaths per 1,000 babies, more than triple the national average.

Drug-related killings, predominantly black victims, are encouraging political extremism. Last week, the Rev Louis Farrakhan, the anti-Semitic Nation of Islam leader, drew ecstatic cheers from an audience of 10,000 people when he accused whites of genocide against the blacks.

The DC Council subsequently honoured Mr Farrakhan for his group's role in fighting the drug war, without debate. No member dared oppose it, prompting the Washington Post to ask: "Does the DC Council now wink at the race war in the rush to fight the drug war?".

US mission to examine aid for Poland

By Peter Riddell in Washington

PRESIDENT George Bush is sending several members of his cabinet on a special mission to Poland in a month to assess how the US can help the country's economic reform.

The mission, including business and union leaders as well as economists, will visit Poland between November 29 and December 2. The White House said yesterday that its brief would be to focus on "those economic sectors where US expertise and experience can be of greatest assistance, primarily agriculture, business management, and financial services, pinpointing areas for reform and for productive use of assistance resources".

The group will include Mr Robert Mosbacher, Commerce Secretary, Mr Clayton Yeutter, Agriculture Secretary, Mrs Elizabeth Dole, Labour Secretary, and Mr Michael Boskin, the chairman of the president's Council of Economic Advisers.

US asks Nicaraguans to observe ceasefire

THE US, while saying the world has ignored Nicaragua's repeated violations of peace accords to end the conflict with US-backed Contra rebels, yesterday urged both sides to honour the current ceasefire, Reuter reports from Washington.

Mr Daniel Ortega, Nicaragua's president, said on Saturday he was reconsidering his plans to end the 19-month ceasefire and would announce his decision today. Mr Ortega made the statement after returning to Managua from a two-day Pan-American summit in Costa Rica, where he denounced increased rebel attacks.

Mr Marlin Fitzwater, White House spokesman, asked what the US was advising the Contras, said: "We're telling them to live up to the peace agreement, that's what we want, and more importantly that's what we want the Sandinistas to do.

"We encourage the Sandinistas to quit killing the Contras, to quit dressing up like Contra leaders and luring people in villages into assassination attempts," Mr Fitzwater said.

"We believe that the Sandinistas have violated the... agreement any number of ways on any number of occasions," he said.

"What's happened, of course, is that the world has chosen to look the other way."

President George Bush's chief spokesman refused to say what the US administration would do if the ceasefire ends. "We aren't willing to speculate in terms of military aid."

● Guerrillas yesterday attacked El Salvador's Defence Ministry and the headquarters of the Joint Chiefs of Staff with home-made mortars, killing at least one and wounding five, AP reports from San Salvador.

According to anonymous witnesses, rebels fired eight to 10 mortars mounted on two trucks parked 300 yards from the heavily fortified military compound.

Mexico opposition bites the bullet on reform

Richard Johns on an unexpected alliance over electoral changes

SEASONED political analysts in Mexico have been stunned by negotiations which resulted in an unexpected alliance on electoral reform between the ruling Institutional Revolutionary Party (PRI) and its erstwhile ideological opponent, the National Action Party (PAN).

In a political system plagued by complaints of electoral fraud, opposition parties have tried to force successive PRI-controlled governments to introduce electoral reform. With the advent last December of President Carlos Salinas de Gortari, who is committed to *modernising Mexican politics*, reform has been on the agenda – not least because the opposition claimed he had won through ballot-rigging and intimidation.

Given the relatively slim PRI majority in Congress, negotiations on any change in the rules were deadlocked so long as the PAN maintained a common front with the rest of the opposition. However, on October 11, representatives of the conservative opposition party discreetly reached an understanding with President Salinas. It fell a long way short of the PAN's publicly stated position, which even the day after this deal was "all or nothing".

In obtaining a compromise with the PAN, the ruling party won the two-thirds majority necessary to modify the constitution and guaranteed control by the PRI of the Congress after the 1991 mid-term elections, when all 500 seats in the Chamber of Deputies and half of the 64 in the Senate will be at stake.

Mr Luis Alvarez, the PAN president, denied there was a "deal" and said the proposals were "certainly inadequate in terms of ideal formulas but an advance along the road to democracy".

The left-of-centre Party of the Democratic Revolution, led by Mr Cuauhtémoc Cárdenas, with which the PAN had allied itself in "defence of the vote" (its slogan after the ballot rigging of last year's election), felt betrayed when it became clear on October 15 that the PAN would back the PRI.

Already polarised in the middle of its 50th anniversary celebrations by the division between traditionalists and the more flexible modernisers, the PAN could be further strained by the decision. After last week's votes, from which several of the party's deputies dissented, members of the PAN gathered to shout "traitors, traitors" outside the Chamber of Deputies.

Discussion on electoral reform among the six parties began in January, in line with Mr Salinas' commitment to "political modernisation" at the time of his accession and his administration's 1989-94 National Development Plan.

One forum for discussion was a special committee sponsored by the Federal Electoral Commission under Mr Fernando Gutierrez Barrios, the Minister of the Interior, and another was a sub-committee of the Chamber of Deputies. The two main issues were establishment of an electoral authority as independent as possible from the state-PRI apparatus and the composition of the legislature.

Mexican police searching residents of Monterrey during last year's presidential elections. A state of security was imposed in an attempt to ensure the polls ran smoothly

With the opposition making all the running and becoming increasing exasperated, the PRI representatives prevaricated and procrastinated.

Anxious to have something to announce in his November 1 state of the union message, Mr Salinas called at the end of June for an extraordinary session of Congress to debate the issue on August 28 and set a deadline of October 20 for agreement.

The PRI proposed three main reforms:

● Rules for election of the 200 deputies by proportional representation should be changed to give minority parties the same rights as the PRI.

● To double the size of the Senate and elect one out of four senators for each state by proportional representation.

● Control of the electoral apparatus to be delegated (very vaguely) to a "decentralised" body.

The PRI majority then voted that the debate should be in closed sessions of the Chamber's Commission of Governmental and Constitutional Points, where deadlock continued until the PRI-PAN accord.

The compromise formula contained these elements:

● Federal Electoral Commission: membership to be based on a sliding scale, and so that a party which won 1.5 per cent of the vote in an national election would qualify for one member, and a party which won 30 per cent would have four members plus two from the upper and lower houses, with one each from the majority party.

Six others will be chosen from a list of non-affiliated citizens submitted by the president. The commission will remain under the minister of the interior.

● The Chamber of Deputies: any party winning 35 per cent of the vote will automatically receive a 51 per cent majority in the Chamber. The winner would receivs an extra two seats for every percentage point up to 300 and the rest would be divided on a system of proportional representation.

● Electoral Tribunal: Its decisions will now be binding unless over-ruled by a two-thirds majority.

On these three points Mr Juan Miguel Alcantara Soria, the PAN's chief negotiator, achieved 70 per cent success. On four others he claimed total satisfaction:

● Open meetings of the various electoral bodies with unrestricted access to the press.

● A guarantee that human and material public resources will not be used to help candidates or parties.

● Freedom of individuals to affiliate to the party of their choice and the establishment of a new national registry of voters to be provided with identity cards incorporating photographs.

According to Mr Alcantara, at the nocturnal meeting at Los Pinos Mr Salinas said: "This is the moment for electoral reform and no other." At a subsequent meeting on October 14 Mr Gutierrez told Mr Alcantara that the election by proportional representation to the Senate and over-representation of the PRI in the Congress could not be matters for negotiation.

Clean elections, Mr Alcantara quoted Mr Gutierrez as saying, would only be assured if the PRI was guaranteed a majority in the Chamber to prepare itself for the tims "starting from nearly three years hence" (after the mid-term elections) when tha reforms will becoms operative.

Mr Carlos Castillo, the PAN's chief ideologist, explained earlier this week that the constitutional changes – branded as "counter-reform" by the PRD – were the best that could be obtained.

The limited accord reached was the start of a struggle for more electoral reform, he stressed.

Mr Salinas' commitment to political pluralism remains in doubt and may be conditional on the success of the reform. But at least he can live with the PAN, whose economic policies are similar to those of his administration.

WORLD TRADE NEWS

Pakistan cuts through the red-tape jungle

Islamabad is aiming to increase foreign investment 20-fold, Christina Lamb writes

PAKISTAN is out to change its image, cutting through the jungle of red tape that has become a nightmare for potential investors from abroad.

The bureaucratic undergrowth has become so dense that, to the irritation of Pakistan's economic planners, the country has fallen far behind South Korea, Malaysia and Thailand over the last 20 years.

Now the government of Ms Benazir Bhutto is spearheading an attempt to increase annual new foreign investment 20-fold.

High on the agenda of Ms Bhutto's foreign trips to Europe, US and the Gulf have been meetings with trade and business representatives whom she hopes to convince that her government is cutting through the red tape.

Pakistan has had a late start as an aggressive seeker of foreign investment. The main investors are the US, with 31 per cent, and Britain and the Gulf states, each with 12 per cent. Total foreign investment since records have been kept until last year was $1.76bn (£1.1bn), according to Dr Salim Habib, President of the Overseas Chamber of Commerce and Industry (OCCI).

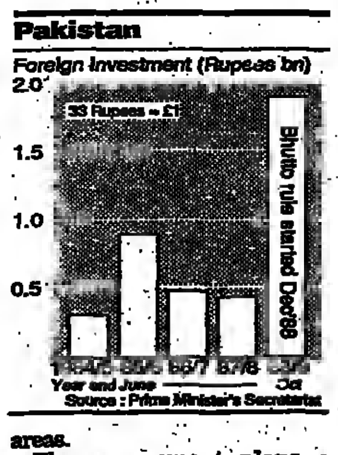
Years of martial law and a suspicious, inefficient bureaucracy were hardly conducive to investment. Only 300,000-400,000 tourists were coming in, little was known about the country, and new foreign investment averaged only $10m each year for 1978-1988, according to OCCI figures.

Ms Bhutto is well aware that no other Pakistani premier has had so much international goodwill, and hopes to capitalise on the attention focused on Pakistan by her sudden rise to power as the first woman to head an Islamic nation.

The strategy appears successful. According to Ms Bhutto's office, foreign investment has been more than Rs19bn in her 11 months in office, compared to Rs4.2bn last year, but according to some foreign investors, their projects have been authorised twice, before and after she took office, making the figures in the chart somewhat misleading.

Foreign money is essential to lift Pakistan out of the present economic morass where the government must borrow to pay its wages. Without it, Ms Bhutto has no hope of implementing the ambitious social programme promised by her People's Party (PPP), whose main constituency is the poor.

To attract investment, Ms Bhutto has introduced a new industrial policy, opening up the economy, leaving only seven restricted industries, and giving four-year tax holidays for all key industries and eight for those in less developed



areas.

The government plans a huge public relations campaign, sending trade missions abroad, but Mr Mohibullah Shah, Additional Secretary to the Prime Minister, admits: "First, we must do some in-house cleaning."

Until May, a project had to win approval from the Investment Promotion Bureau, the Central Investment Promotion Committee, the Ministry of Industry, and finally, the Economic Co-ordination Committee, which had many other priorities, being responsible for the entire economic affairs of the country.

In spite of considerable resistance from bureaucrats reluctant to relinquish power, these have been dismantled, to be replaced by a single Board of Investment (BOI), headed by the prime minister.

Sanction of projects was also made easier. Projects up to Rs1bn (£30m) now need no formal approval; nor do those with less than 50 per cent foreign equity holding. Ms Bhutto has promised that where sanction is required, it will be forthcoming within 60 days.

Twenty-one projects have already been sanctioned, including Pakistan's first hydrocracker plant, at a cost of Rs8.8bn, and a second car plant (with Toyota), which have been pending seven years.

Pakistan has many advantages, with a large consumer-oriented domestic market and a location which serves as a springboard into Afghanistan, Iran and the Gulf, with which it has close ties.

Most foreign investment is in pharmaceuticals, oil and gas exploration, and power production. New areas attracting interest are higher-quality clothing manufacture, enabling Pakistan to earn more from existing textile quotas, and food processing. Forty per cent of Pakistan's fruit is left to rot, and presents an ideal opportunity, with the Gulf, thought to be the world's highest per capita importer of food, just next door.

A big deterrent is the lack of infrastructure. Only 16 of Pakistan's 56 industrial estates have electricity, gas, water and phone connections. Ms Bhutto's solution has been to appoint the ministers responsible for these facilities to the BOI so that when they approve a project they are committed to provide all services within 60 days, and are answerable to the prime minister if they fail.

Many industrialists are sceptical. Dr Habib argues: "The problems were never at the senior ministerial level but at that of section officer, and Ms Bhutto has not been able to percolate her thinking down the line."

The manager of a large US project agrees: "It's a very different thing – the communications minister agreeing to provide us a phone, and actually obtaining the connection from the local exchange."

Others complain that the prime minister heading the BOI makes it a more political body and will mean delays because she has so much else to do. Dr Habib is suspicious of the rhetoric: "Talking cannot attract investment. The government must first treat existing investors fairly, then we will be the best ambassadors. What they call investment policy does no more than give sanctioning procedure. The investor here has no idea what he's getting into."

US under pressure on textiles

THE White House is being pressed to table a Uruguay Round proposal to phase out current textile and apparel trade protection, Nancy Dunne reports from Washington.

The US has presented 72 papers in the current Geneva talks, but has been unwilling to table one giving greater access in textiles.

Lawyers for the US Association of Importers of Textiles and Apparel see textiles as a key to the Round, to grant developing countries in return for other liberalisations. Importers say current protection under the Multifibre Arrangement costs the US up to $13bn (£8bn) a year.

The association claims the industries can withstand a phase-out in protection. Textile and apparel tariffs should be aligned with tariffs on other manufactured products. Under the association's plan, MFA protection would be phased out over five years before textiles are fully integrated into Gatt.

It also proposes that existing quotas be subject to minimum 6 per cent growth in the first transition year; all aggregate and group limits on products be prohibited; and importing countries agree not to start anti-dumping or countervailing duty actions on products subject to curbs.

Brazil scours world for alcohol fuel

By Ivo Dawnay in Brasilia

BRAZIL is scouring world markets for up to 1.5bn litres of alcohol as home supplies threaten to dry up, leaving millions of cars without fuel.

Copersucar, the largest national co-operative producing cane sugar-based alcohol fuel, has already bought 83m litres of grape alcohol from European Community auctions and is now seeking further supplies in the US.

About half of Brazil's 14m cars are fuelled by alcohol under the so-called Pro-Alcohol programme. This was introduced 14 years ago to replace oil imports, when price rises began draining crucial foreign exchange reserves.

Today, with almost 90 per cent of new cars powered by the fuel, local suppliers are unable to meet demand. Mr Werther Annicchino, president of Copersucar, has calculated that 1990 production will supply 12bn litres, giving a shortfall of 1.5bn litres.

"If we do not take urgent precautions there will be a supply crisis in February or March," he has warned. Other energy analysts believe the gap may be substantially greater, possibly stretching to well over two months' supply.

In a bid to reverse the policy, the Brazilian Government has increased the percentage of petrol added to alcohol and narrowed the price differential between the two fuels.

Motor manufacturers are also being urged to increase their output of petrol-driven cars.

Fuel traders are now looking at overseas markets to fill the gap. With the EC awash in grape alcohol from the "wine lake", Brazil is expected to increase its purchases in Europe.

Copersucar is also believed to be near signing a deal for 21m litres of grape alcohol from the US. But both these products require reprocessing to be compatible with Brazilian car engines.

The alcohol policy was aimed at cutting Brazil's fuel import bill. But with the country still importing some 45 per cent of its oil needs, the programme is increasingly seen as an economic disaster.

When subsidies and other costs are added in, sugar alcohol fuel is calculated by some analysts to cost as much as three times the price of crude oil. With the country now seeking purchases abroad, it is beginning to defeat its original purpose of conserving foreign exchange.

Little progress towards new Lomé Convention

By Lucy Kellaway in Luxembourg

REPRESENTATIVES from 66 of the world's poorest countries climbed into 66 of the world's most expensive cars just before dawn in Luxembourg yesterday, with the knowledge that a long weekend of talks with the European Community had produced almost no progress towards a fourth Lomé Convention.

During about 40 hours of debate, the central issue of the value of the package was not even broached, while a European offer on trade and commerce met so many detailed objections from the African, Caribbean and Pacific (ACP) countries that discussion broke down without any agreement.

Presidential groups will meet in Brussels at the end of the [illegible] and the Community side will start to discuss financing over the next two weeks.

These talks are not expected to be easy, with the Commission wanting the present allocation of Ecu 7.5bn (£5.8bn) almost doubled to Ecu 12.8bn, while the northern states, including the UK and Holland, are hoping for a figure of less than Ecu 10bn.

But officials seemed optimistic that a compromise could be found, allowing Lomé 4 to be signed by the end of the year.

European negotiators expressed frustration at what they regarded as a lack of preparedness by the ACP side in the talks. The latter had stayed up until 6am on Sunday electing a new secretary-general, and were not in a position to reach a common stance on the European proposals.

"We have not yet received a serious response to a serious offer," said one of the European negotiators.

The main sticking point in the weekend's talks concerned access to EC markets for agricultural produce of ACP countries. The EC proposal would admit nominal additional amounts of fruit and vegetables, largely in the months when EC production is low or non-existent.

The ACP argued that the list of products was too short, the amounts too low and the timing too brief. An extra 1,100 tonnes of strawberries between November and February would not make much difference, they said.

The EC insisted this was the final offer. Officials admitted privately that the agricultural package was "a bit mean", but said that reaching a common Community position had [illegible] squeezing difficult concessions out of the Mediterranean countries, which were anxious not to threaten their own producers.

The ACP was also unhappy about the proposed rules of origin for manufactured goods. These would reduce from 60 to 45 per cent the minimum share in value-added produced by the ACP countries, against an ACP plea for a reduction to 30 per cent.

Some aspects of the European proposal were regarded as broadly acceptable. Stabex, a fund which protects the earnings of ACP countries against a fall in the price of their commodity exports, is to be changed so that ACP countries are no longer required to repay funds granted.

There was also general agreement that the new convention should run for 10 rather than five years, with the value renegotiated midway.

Broad agraemant was reached on bananas and rum, and on the inclusion of Haiti and the Dominican Republic.

Toyota to boost foreign products purchase 250%

By Robert Thomson in Tokyo

TOYOTA Motor Corporation, the Japanese car-maker, yesterday announced a programme to increase purchases of imported products by 250 per cent over the next three years in a response to continuing friction over Japan's trade surplus.

The company said that the plan was the "first real step" in a campaign for "model sharing and parts and component sourcing on a more global level". But the emphasis of the announcement was on increasing imports from the US, where Japan's large bilateral surplus, around $50bn (£31.2bn) annually, and imports of Japanese cars remain sensitive issues.

Japan's Ministry of International Trade and Industry (Miti) has urged Japanese makers to increase imports of parts and to revise plans to expand domestic production capacity, as the ministry fears that the new plants could produce a surge in exports.

The Japanese press has reported that Mazda will reduce the production capacity of a planned new plant from 240,000 units to 150,000 units following the Miti requests, but the car maker said yesterday that the reports were "speculation" and that "we are still considering plans for a new plant".

Under the Toyota plan, imports of right-hand-drive vehicles from its Kentucky plant in the US will begin in early 1992, with a target of 40,000 units annually, while exports of US-made Camrys to Taiwan are scheduled to rise from the 1989 level of 4,000 units a year to 10,000 units by 1992.

The figures are dwarfed by Toyota's total vehicle exports, which the Japan Automobile Manufacturers' Association yesterday estimated at 140,949 units for the month of September alone.

Toyota plans to bagin importing engines from the Kentucky plant in 1992 with a target volume of 100,000 units annually, and announced an intention to buy 200 cars from the US and Europe for its Rent-a-Lease division in Japan.

The import shopping list also includes a Cray supercomputer and a Piper Cheyenne twin-engined turbo prop aircraft.

The announcement complements already-revealed plans to broaden use of US semiconductors, of which Washington has repeatedly urged Japan to increase purchases, and to import Celica convertibles and catalytic converters from the US.

A Toyota spokesman said the programme was part of a long-term strategy to integrate production in three main centres – Japan, the US and Europe.

Further military successes claimed by Khmer Rouge

By Roger Matthews in Bangkok

THE Khmer Rouge has claimed further military successes in Cambodia following confirmation late last week that its guerrillas had wrested control of the town of Pailin from troops of the Vietnamese-backed regime in Phnom Penh.

There were also reports that a curfew had been reimposed on the Cambodian capital, Phnom Penh, for the first time since spring.

The Khmer Rouge, which bloodily ruled Cambodia for over three years before the Vietnamese invasion in 1978, said it had made advances along Route 10, which links Pailin to Battambang, Cambodia's second largest city, and claimed to have cut the road from Battambang to Phnom Penh.

It also said it had captured Samlot, a settlement nine miles from the Thai border, once a centre of rebellion against the former government of Prince Norodom Sihanouk.

Military observers in Bangkok were surprised that Pailin, which has not been inhabited for many years, was not more vigorously defended. They stressed that although it was not strategically a serious blow to the government forces its fall would have provided an important psychological boost for the Khmer Rouge.

Similarly surprised were the militarily smaller non-communist forces fighting the Phnom Penh regime which have been making slower progress in the fighting that has followed the official Vietnamese withdrawal from Cambodia last month.

The forces loyal to Prince Sihanouk have so far failed in their objective of capturing the town of Samrong but now hope that some of the defending troops may be redeployed to meet the Khmer Rouge threat to Battambang.

The Khmer People's National Liberation Front of former Prime Minister Son Sann is meanwhile seeking to lay siege to Sisophon but, according to Phnom Penh, suffering heavy casualties.

Prince Norodom Ranariddh, the commander of the Sihanouk guerrillas, said at the weekend that this combined military pressure on the Hun Sen government would force it back to the negotiating table within two months and he could foresee a reconvening of the Paris peace talks which failed in August to achieve a negotiated political settlement.

The prince has been encouraged by reports of intercepted army radio messages indicating poor co-ordination and low morale among some government units. However, with the dry season approaching the government forces will soon be able to capitalise on their tanks and other armour and have yet to use either their Mig 21 fighter aircraft or their helicopter gunships.

General Chatichai Choonhavan, Thailand's Prime Minister, is understood to have been told in Peking last week that the Chinese government is also confident that Mr Hun Sen will soon been forced to reopen negotiations.

Chinese officials said the present round of fighting would demonstrate to the Phnom Penh regime and its Vietnamese allies that the resistance movement is formidable and cannot be ignored.

The failure of the Paris talks and the resumption of fighting has been a blow to General Chatichai and his unilateral policy initiative aimed at turning Indochina from a war zone into a market place. His decision to invite Hun Sen to Bangkok was sharply attacked by some of Thailand's partners within the Association of South East Asian nations as giving the wrong signal to Phnom Penh and Hanoi.

Gen Chatichai said Chinese leaders had agreed that it was imperative to have international verification of the claimed Vietnamese withdrawal from Cambodia followed by the formation of an interim coalition headed by Prince Sihanouk and comprising the four Khmer factions.

Israel coy about South African connection

Tony Walker examines reports of collaboration over nuclear weapons development

WHEN Mr Yitzhak Shamir, the Israeli Prime Minister, last week described as an "utter lie" reports that Israel and South Africa were collaborating in the development of a long-range nuclear missile there was more than a touch of anxiety in his denial.

Israeli officials realise that allegations of Israel's direct involvement with South Africa in the production of nuclear missiles, if proven, could have severe repercussions.

Israeli observers have no doubt that the apparently officially inspired leak to NBC Television in Washington of details of the joint missile programme foreshadows the possibility of a serious dispute with Israel's guardian superpower.

"The timing is bad because of the problems that already exist over the peace process," said Dr Eitan Gilboa, professor of international relations at the Hebrew University. Dr Gilboa said this was not the first occasion that embarrassing information about Israel's nuclear programme had been divulged in Washington at difficult moments in US-Israeli relations.

He recalled that in May 1985 reports surfaced of Israel having deployed nuclear missiles on the Golan Heights and in the Negev desert at the very moment when the US was proposing a large and controversial sale of sophisticated arms to Saudi Arabia.

This time, Israel and the US are locked in tense discussions on the mechanism for preliminary talks with representative Palestinians on proposed elections in the West Bank and Gaza Strip.

Israel fears that acceptance of a five-point plan advanced by Mr James Baker, the US Secretary of State, for a dialogue with Palestinian representatives, sanctioned by the Palestine Liberation Organisation, will draw it into de facto dealings with its sworn enemy.

Israel has been unnerved by the Washington leak for a number of reasons, and not only because it suspects that the administration is trying to weaken its ability to resist pressure to agree to minimal steps towards Middle East peace.

It also fears that publicity given to its continuing military co-operation with South Africa will once again stir up controversy in Congress, which is empowered to stop military aid to countries which flout international sanctions against arms sales to the Pretoria regime. Israel receives $1.8bn (£1.1bn) a year in US military assistance.

Israel is already experiencing difficulties in securing export permits for two IBM supercomputers that are capable of simulating nuclear explosions and missile tests. The purchase of these items – if Israel were able to gain access to this advanced technology it would be the first country to do so outside Nato – has been stalled for months because of concern in the US about their use in developing weapons of mass destruction.

The latest revelations about Israeli-South African military co-operation will make it even more difficult for the administration to justify the export of these highly sophisticated computers.

Israel has also been alarmed by damaging suggestions that it has facilitated the transfer of US advanced fighter technology to South Africa, following the abandonment in 1987 of a multi-billion dollar project to build the advanced Lavi combat aircraft with US assistance.

NBC news reported that at least 75 Israeli engineers, involved in the Lavi project, had been transferred, with Israeli government approval, to South Africa, to work on aviation projects.

Israel says officially that as private citizens the engineers are free to find work wherever they can but Israel and South Africa have a long history of collaborating in aerospace projects, culminating in Pretoria's unveiling in 1986 of its new Cheetah fighter aircraft, which is a copy of Israel's Kfir-2 jet based on the French Mirage.

Allegations of joint missile development once again focus unwelcome attention on extensive Israeli military co-operation with South Africa that began in the 1950s and continues to this day. This is in spite of an Israeli cabinet decision in March 1987 to scale down contacts, and a further decision that year to back limited sanctions against South Africa along the lines of those adopted by the European Community.

If it is found that Israel and South Africa did collaborate in the development and test firing of a nuclear missile then it is difficult to see how this could be overlooked by either the US administration or a Congress already sensitive to the issue of South Africa and sanctions.

"What is Israel getting out of this that outweighs the negative repercussions which are so enormous?" asked an Israeli specialist on relations with Africa. "The potential fallout from this is really extraordinarily negative."

Defence experts are wary of the reports of Israeli-South African collaboration. They questions the advantages to Israel of such a step.

Mr Don Kerr of the International Institute of Strategic Studies in London said that it was not clear that either South Africa or Israel needed an "Armageddon weapon".

But he added that "close military co-operation" between Israel and Pretoria had been under way for a long time, and "that's not something you close off overnight".

Opposition parties fall out in Japan

By Robert Thomson in Tokyo

THE PROSPECT of an opposition coalition challenging Japan's ruling Liberal Democratic Party suffered a setback yesterday with Komeito, the Clean Government Party, attacking its potential partner, the Japan Socialist Party (JSP), in a policy statement.

Mr Koshiro Ishida, the Komeito chairman, said the JSP was still a Marxist-Leninist party and the proposed four-party coalition would not work unless the JSP accepted that Japan was a member of the Western alliance and reduced the influence of ideology in its policy making.

The JSP is the largest opposition party, with Komeito the second largest, and Mr Ishida said that the two parties and the Democratic Socialist Party and the United Social Democratic Party must agree on a common philosophy for a coalition, which is being discussed in expectation of a general election in coming months.

Mr Hiroshi Nukui, the director of the JSP's policy secretariat, said the Komeito statement was a "contradiction", in that it was equally critical of the JSP and the LDP. "In the first half, they criticise the JSP, but in the second half they support policies that are very close to our policies."

The four parties are due to meet again next week to discuss the coalition, but significant differences remain over several issues and the JSP was yesterday disappointed by Komeito's harsh criticism of its performance. Mr Nukui said the Komeito statement reflected a "loss of confidence and trust", but the JSP had a "large heart" and would continue to work for a coalition.

Mr Nukui said the two parties had obvious differences over the role of Japan's army, the Self-Defence Forces, and over the Japan-US Security Treaty. The Komeito chairman yesterday urged the JSP to accept the Self-Defence Forces as a constitutional fact, and to state clearly that it did not accept a policy of unarmed [illegible] have differences in policy on South Korea, as the JSP has traditionally had close ties with North Korea and has only recently announced an interest in building relations with Seoul. Late last week, Miss Takako Doi, the JSP leader, was invited to visit South Korea, and Mr Nukui said he had encouraged her to go "as soon as possible", though he did not make clear the level of her enthusiasm for the trip.

"I think that it is very important for her to go in order to support the idea of the reunification of Korea. If she goes it will prove that the criticisms of our Korea policy are wrong, but I think it will be difficult for her to go before the election," Mr Nukui said.

China replaces troops in Tiananmen

Armed police will replace soldiers stationed in Tiananmen Square and troops will withdraw from key intersections in a scaling down of the capital's five-month-old martial law, officials said yesterday, AP reports from Peking.

Premier Li Peng ordered martial law in most of Peking on May 20 as hundreds of thousands of students and citizens marched through the streets daily to demand democratic reform. The army ended the protests on June 3 and 4 by shooting its way through the crowds to retake Tiananmen Square, the demonstrators' headquarters.

Last week a government spokesman said martial law would soon be lifted.

Peres to make visit to Moscow

Mr Shimon Peres, the Israeli Vice-Premier and Finance Minister, said on Israel radio yesterday that he would go to the Soviet Union in December, on the first visit there by an Israeli minister since Moscow severed diplomatic relations with the Jewish state in 1967, Reuter reports from Jerusalem.

Moscow has gradually restored some of the links severed with Israel after the 1967 Middle East war, exchanging consular delegations and cultural visits and letting more Jews emigrate.

"The Soviet Union has changed its aims, also in regard to the Middle East. They have a keen interest in economic ties with us and we have a keen interest in economic ties with them," said Mr Peres. "It's not just a matter of international prestige. We have nearly 2½m or 3m Jews there."

Pretoria spurns ANC conciliatory hints

By Patti Waldmeir in Johannesburg

SOUTH AFRICA'S ruling National Party yesterday dismissed conciliatory gestures from the African National Congress (ANC) and stressed that a political settlement to the country's conflict remains distant.

Mr Con Botha, the party's chief spokesman, condemned speeches made by veteran ANC leaders at a rally near Johannesburg on Sunday, in which they reaffirmed support for the movement's armed struggle against Pretoria.

Mr Botha did not react to a statement from Mr Walter Sisulu, the most prominent of the ANC leaders, in which he stressed that the ANC was committed to peace and negotiations but said it was not willing to abandon violence unless Pretoria did the same.

The Government has demanded a commitment to peace from the ANC as a precondition for talks about the country's political future.

Mr Sisulu's speech also included exhortations to ANC supporters to intensify the struggle against white rule. Mr Botha said the statements were "regrettable", adding: "It shows that there is a long way to go before we can even start talking about a settlement."

Condemnation also came from the ultra-right Conservative Party, which demanded that a special sitting of Parliament be convened to discuss what it called a blatant challenge to Pretoria posed by those threatening violence.

Ministers in the Government of Mr F W de Klerk were not available to comment on Sunday's rally, the first held by the ANC since it was banned in 1960. A spokesman said they were "brainstorming" on the future of government policy, giving rise to speculation that further reform measures could be announced in the near future.

Meanwhile, police said they were studying videotapes of the rally to see if security laws had been infringed by the gathering, called to welcome seven senior ANC leader released after over 25 years in prison.

Under South Africa's stringent security legislation, it is illegal to propagate the aims of a banned organisation such as the ANC. If this legislation were applied strictly, virtually everything said and done at Sunday's rally would constitute an illegal act.

Pro-Government newspapers yesterday highlighted contradictions between the security laws and the Government's apparent willingness to sanction political activities which fall foul of the same laws. The Citizen newspaper said the current situation was "ridiculous and dangerous", and called on Pretoria to lift its ban on the ANC if it was no longer willing to enforce it.

Hundreds of Hong Kong ivory carvers and traders took to the streets yesterday in protest against a world ban on the ivory trade

Pakistan army called in to safeguard politicians

By Christina Lamb

PAKISTAN'S army, which for so long ruled the country, is being called upon to safeguard its politicians. Prime Minister Benazir Bhutto has agreed to an opposition request to deploy troops in Islamabad when the parliament votes in a no confidence motion on her government on Wednesday.

The opposition Islamic Democratic Alliance (IDA) has moved its members to the nearby hill resort of Murree claiming their security was in danger and sent a letter to the President asking him to intervene.

Mr Tariq Rahim, Minister for Parliamentary Affairs, accused the opposition of abducting members to ensure their support, but Mr Hussain Haqqani, opposition spokesman, retorted "they are not children. we are simply safeguarding their security". Mr Haqqani claimed there had been threats to the lives of some opposition members and firing outside the house of Mr Ghulam Mustafa Jatoi, the IDA leader.

Members of Ms Bhutto's People's Party (PPP) were sequestered in a hotel in the mountain area of Swat after being rounded up by Mr Rahim in helicopters and planes. Mr Rahim said he wished he had been trained as a commando rather than a lawyer. So few deputies were left in Islamabad that a routine Parliament session had to be adjourned.

Both sides have accused the other of bribery and coercion to sway lawmakers in the vote. The only meeting between senior members of both sides was to try to put a cap on bribes which have reached Rs20m ($925,000) and two jeeps.

As Wednesday's vote nears the atmosphere is becoming increasingly tense and there are fears of violence which could be very bloody because of the easy availability of arms from the Afghan war.

Officials have already banned demonstrations in Islamabad when the motion goes to the floor of the National Assembly. The Speaker of the House, Malik Meraj Khalid, said troops would be posted around the assembly, especially within a one mile radius of the assembly building.

PPP officials claim they still have at least 125 supporters in the 237-seat parliament, against 105 for the combined opposition. It takes 119 for a majority. The opposition claims it has 135.

Ms Bhutto is expected just to survive the motion against her 11-month-old government but it has touched off her biggest political crisis to date and new elections seem unavoidable.

Indian police fire on mobs in Bhagalpur

Police fired at an angry mob, killing one person in Bhagalpur yesterday as 48 more bodies were recovered in the remote town hit by sectarian violence, AP reports from New Delhi.

The latest casualties raised the official death toll in Hindu Moslem violence to 145 since Tuesday, United News of India news agency said. Press Trust of India news agency, however, put the toll at 200.

In a dispatch from Bihar state capital Patna, UNI quoted Bihar Home Affairs Commissioner Jiya Lal Arya as saying that police opened fire when the mob attacked homes.

Bhagalpur, on the Ganges River which is sacred to Hindus, is 180km (about 110 miles) east of Patna and 330 km (about 230 miles) north-west of Calcutta.

The recovery of bodies raised to 171 the number of people killed in Hindu-Moslem clashes since Sunday in four villages stretching across a 200km (125-mile) swath of Bihar state, one of the poorest and most violent in India.

Aquino urges vote over self-rule

PRESIDENT Corazon Aquino yesterday urged people to vote in next month's plebiscite for self-rule in the southern Philippines, saying a boycott would be a mistake, Reuter reports.

It was the second time in three days that Mrs Aquino had gone to Mindanao, the second largest Philippine island, to campaign for the ratification of a plan to grant limited self-rule in 13 southern provinces.

Last Saturday, Mrs Aquino visited Cotabato to start the campaign, but made no categorical appeal for voters to ratify the autonomy act, which was passed by Congress.

Voters on Mindanao and other southern islands go to the polls on November 19 to decide whether their provinces will join an autonomous regional government.

The move is aimed at satisfying demands for self-rule for the strong Moslem minority. But the option of joining the autonomous government has been offered to provinces of Mindanao and other southern islands, where Christians form the majority.

The bill, which Mrs Aquino signed last August, has been facing public opposition even from Moslem secessionist groups there. Politicians including Vice President Salvador Laurel vowed to lead a campaign to reject the bill, which is viewed as shortsighted.

Some congressional leaders said it may not be ratified because of an inefficient information campaign.

"I understand that some groups are organising a boycott of the plebiscite," Mrs. Aquino told hundreds of rally participants. "I think this would be a serious mistake. A boycott position is meaningless." But Mrs Aquino refused to say whether she was for ratification or rejection of the bill.

Safety zone plan for Beirut parliament

AN ARAB League envoy opened talks with Christian forces on Beirut's battle-scarred Green Line on Monday, attempting to ensure the safety of parliament when it meets to endorse political reforms and elect a president, Reuter reports from Beirut.

General Michel Aoun's military government in Lebanon's Christian enclave rejects the Arab peace plan but security sources said his representative on the spot accepted the principle of creating a neutral zone around the Mansour Palace, where the deputies would meet next week.

Details of the proposed safety zone around the building were not, however, settled, the sources said.

Algerian observers and officers from the Moslem side of the Green Line also took part in Monday's meeting with Arab League troubleshooter Lakhdar Ibrahimi.

Asked by a reporter whether parliament could meet by November 7, Ibrahimi replied: "Yes, I think so."

The peace plan – the latest attempt to end a 14-year civil war – includes a shift of political power from Christians to Lebanon's Moslem majority.

It was agreed by Christian and Moslem members of parliament in the Saudi Arabian town of Taif.

Aoun has threatened to dissolve parliament or suspend the constitution to block the next stage, in which the deputies would endorse the political reforms and elect a president.

Most of the 58 deputies who agreed in Saudi Arabia remain outside Lebanon because of threats by Aoun's supporters.

Tamil Tigers to boycott Sri Lankan peace talks

By Mervyn de Silva in Colombo

THE Tamil Tigers are to boycott negotiations aimed at bringing peace to northern Sri Lanka after accusing e rival Tamil group, EPRLF, of organising a secret army with Indian help.

They have quit the committee set up by President Premadasa to help resolve differences between the warring separatist groups as a prelude to holding fresh elections in the Tamil area once Indian troops left the island. The 40,000-strong Indian peacekeeping force which has been fighting the Tigers for two years is scheduled to leave by the end of the year.

The EPRLF and its allies control the north-east council, which was given semi-autonomous status under the 1987 India-Sri Lanka peace accord. The devolved powers allowed the council to establish a civilian volunteer force to perform police duties. The Tigers and the Defence Ministry in Colombo both allege that EPRLF has created a Tamil national army trained in Indian camps and equipped with sophisticated weapons.

"When the Indians pull out, they will probably leave their weapons behind for the EPRLF'e 'secret army'," says a senior minister. The Tigers opened negotiations with the government several months ago in a surprisingly conciliatory move and agreed to contest fresh elections.

However, journalists have produced eyewitness accounts of military exercises carried out in the jungles by the EPRLF, suggesting they are organising a full-fledged fighting force, known as the Indian army "contras".

The Tamil Tigers have decided to quite the "peace committee" in north-east Sri Lanka after accusing the rival Tamil group, the EPRLF, of organising a 'secret army' with Indian help.

The peace committee was set up by PresidentPremadasa to help resolve differences between the warring separatist groups as a prelude to holding fresh elections in the Tamil areas once the Indian troops left the island. The 40,000-strong peace-keeping force which has been fighting the Tigers for two years is scheduled to leave by Dec 31.

The Tigers, still the most popular and powerful group in the north, have decided to leave committee in the face of incontrovertible evidence that the Indians have actively assisted the EPRLF to organise a "secret army" under the guise of a civilian volunteer force (CVF).

The EPRLF and its allies, all pro-Indian, control the north-east council which was vested with semi-autonomous-status under the 1987 India-Sri Lanka peace accord. The devolved powers allowed the council to establish a civilian volunteer force to perform police duties.

Both the Tigers' and the Defence Ministry in Colombo now allege that the EPRLF has in fact created "Tamil National Army" trained in Indian camps and equipped with sophisticated weapons. "When the Indians pull out, they will probably leave their weapons behind for the EPRLF'S secret army," says a senior minister.

Most of the recruits are Tamil teenagers abducted from their homes. This conscription campaign has led to a new refugee flow to Colombo, with many of the fugitives applying for visas at western embassies.

In a surprising conciliatory gesture, the Tigers' openednegotiations with the Premadasa Government some months ago and agreed to contest fresh elections. They were even prepared to assume a junior partner's role if the polls verdict favoured the EPRLF.

Then came mounting evidence that deep in the northern jungles the EPRLF was organising a full-fledged fighting force. Both Sri Lankan and Indian journaliste have recently produced eye-witness accounts of this "secret army" conducting military exercises in the jungle. One Colombo newspaper published pictures of the eelf-styled Tamil National Army

Two earthquakes leave 19 dead in Algeria

TWO earthquakee shook northern Algeria, leaving 19 people dead and more than 150 injured, anthorities said yesterday, AP reports from Algiers.

Most of those killed in Sunday night's quakes were in the Tipasa region about 40 miles west of Algiers and the town of Churchell on the Mediterranean coast 60 miles west of the capital, the Interior Ministry said.

Mr Mouloud Hamrouche, the Prime Minister, toured the hardest-hit areas with his ministers of health and the interior.

Rescuers extended their searches into remote parts of the mountainous, rural region, where officials feared there might he more casualties.

Those injured included two foreigners, both French citizens living in Algeria.

"In a few seconds, the house collapsed and I found myself in the hospital," said Ms Marie Josephe, a Frenchwoman who was being treated for a fractured shoulder in the hospital at Tipasa.

In Algiers, the shocks drove people from their homes, and there were reports of damage to buildings in the crowded Bab-el-Oued and Casbah districts, but no known casualties.

The French Government announced in Paris early yesterday that it was offering emergency aid to Algeria.

This region has a history of earthquakes, including one on Oct. 31, 1988, which measured 5.4 on the Richter scale and left 60 people injured.

UK NEWS

BAe, Rolls-Royce plants are hit

Engineers obey union calls for indefinite strike

By Michael Smith, Labour Staff

VIRTUALLY ALL manual workers at three engineering plants owned by British Aerospace and Rolls-Royce yesterday obeyed union calls to begin indefinite strikes for a shorter working week.

The Confederation of Shipbuilding and Engineering Unions said that the strike was supported by all 4,000 manual workers in the Glasgow factory of Rolls-Royce and the Preston plant of BAe in north-west England. At BAe's Chester plant, also in the north-west, six manual workers crossed picket lines, but the other 2,000 stayed out, the confederation said.

Meanwhile, Mr Bill Jordan, president of the AEU engineering union, disclosed that at informal talks with the Engineering Employers' Federation last week the unions had offered to settle for a 37-hour week for manual workers.

Under the proposal, the unions would not have been amenable to "unacceptable" conditions the employers wanted to impose, Mr Jordan said. But they would have promoted bargaining reform, aimed at a single table approach, and training improvements.

In developments today, the unions' strategy committee will meet to decide how to intensify their campaign, and the MSF general technical union is likely to contest a High Court decision last week which legally prevents some of its 218 Preston members from joining the strikes.

Many of the 218 stayed away from work yesterday despite Mr. Justice Schiemann's decision to grant BAe an injunction aimed at forcing them to work. However, BAe indicated that it was unlikely to make an issue of the MSF members refusal to work.

Nonetheless, MSF wants to challenge the decision because of its potential implications for the future conduct of balloting. The judge granted the injunction last Friday after hearing BAe's argument that MSF should not have held separate ballots among different sections of the unions but should have added all the votes together to produce one result.

In the Preston ballots, the craft workers voted 175 to 43 in favour of going on strike, but white collar workers voted against by 506 to 130.

In line with all CSEU unions, MSF decided after the ballot results to call strikes only among manual, or craft, members. If BAe's argument was backed up in the Court of Appeal, it would be unable to call any of its members out in Preston.

An unfavourable appeal court decision would also end any possibility of calling strikes among MSF members in BAe's Kingston plant.

Although MSF craft members there have voted in favour of strikes, the total vote among all union members, including white collar staff, went against striking.

By contrast MSF would be able to bring out all of its members at Chester, whereas under the separate-count rules it has adopted the union would only be able to bring out craft workers.

Elsewhere in the three factories yesterday, some white collar workers staged strikes to support the call for a 35-hour week, even though they were not called out by their unions. In Preston the strikes were joined by some computer staff.

Most white collar staff worked normally. Rolls-Royce has indicated that it may have to lay off some white collar workers if the strikes continue. BAe is thought to be considering a similar policy.

● Tyne Tees, the north-east independent television franchise holder, has asked its staff to accept a wage freeze for the next year in return for stability in working practices and protection from compulsory redundancies.

Minister signals on nuclear plant sales

By Maurice Samuelson

INDICATIONS were growing last night that the Government might be willing to drop the privatisation of the remaining nuclear power stations to ensure that the sale of the electricity industry is completed in the present parliament.

Mr John Wakeham, Energy Secretary, who last month vowed that the Advanced Gas Cooled Reactor stations would not be dropped from the privatisation, failed to repeat that pledge last night after the appearance of a series of leaked documents suggesting that the industry was unsaleable if saddled with the costs of nuclear power.

He was speaking after Mr Tony Blair, the opposition Labour Party's energy spokesman, hailed the latest leaked document – a Department of Energy memorandum to the Cabinet – as signifying "the death rattle of this deeply unpopular sale."

The leaked memorandum is quoted to-day in Power in Europe, a Financial Times specialist newsletter, which last week quoted a private speech by Lord Marshall, National Power's chairman, as evidence that nuclear decommissioning costs could exceed £15bn – three times the figure given by Mr Cecil Parkinson, the former Energy Secretary.

The latest Department of Energy document, believed to have been written this summer, suggests that:

● a third of British Coal's deep mines would close after privatisation, leading to redundancies from the Union of Democratic Mineworkers;

● nuclear power is more than twice as expensive as conventional generation and a nuclear levy, to support more nuclear stations, would put 15 per cent on electricity bills;

● the industry would be sold at a fraction of its asset value;

● the Department was deeply pessimistic about the prospects for competition from independent generators.

The document says 30,000 jobs would go in the coal industry, of which 18,000 would be the direct result of the privatised companies cutting coal contracts by 15m tonnes a year over three years.

The proceeds of the sale could be as little as £11bn, with the generators sold for £4bn-£5bn. Prices to industrial customers could rise by 25 per cent and at least by 10 per cent.

Ward begins final appeal

MR. TOM WARD, the US attorney fighting extradition to the UK to face criminal charges in the Guinness affair, yesterday began his final appeal against civil court rulings that he must repay £5.2m to Guinness, the UK drinks group, writes Raymond Hughes.

He challenged in the House of Lords a Court of Appeal ruling in May last year that Guinness was entitled to immediate judgment on its claim for the money without the case going for full trial.

The appeal judges, who said that Mr Ward, then a Guinness non-executive director, had received the £5.2m "in plain disregard of his duty to the company", held that he had no defence to the claim: because the payment had admittedly not been disclosed to the full Guinness board it had been a breach of both the company's articles and the Companies Act, the court held.

Mr Ward contends that the £5.2m was validly paid to him through Marketing and Acquisition Consultants, a Jersey company, for the valuable services he performed for Guinness during the takeover battle for Distillers in 1986.

The greater part of the £5.2m has been traced and is out of Mr Ward's hands.

The hearing continues today.

Home loans up in quarter

NET LENDING by banks for home purchase rose by £2.8bn in the July-to-September period, the Bank of England said yesterday, writes Simon Holberton.

In its quarterly analysis of lending for house purchase, the Bank said figures for all banks' lending in the UK showed gross loans of £4.58bn during the quarter.

In the April-to-June period, the total amount of home loans outstanding for banks, excluding Abbey National, which became a bank with effect from July 1, was £45.9bn. Including Abbey, the amount would have been £71.6bn. At the end of the third quarter, total loans outstanding amounted to £74.4bn.

During the third quarter, 91,000 new mortgages were supplied, with approvals to first-time buyers and for new homes accounting for £1.4bn and £483m respectively.

In separately released figures, the Bank confirmed that M0, the narrow measure of the money supply, grew by 0.1 per cent during September to stand 4.5 per cent higher than a year earlier.

M4, the broad measure of the money supply, rose a seasonally adjusted 2.4 per cent in September to stand 17.8 per cent higher than September 1988.

Securities body moves on investment adviser

By Richard Waters

THE TWO MEN behind a financial advisory group which recommended mainly retired people to invest a total of £65m in Barlow Clowes, the former investment group of Mr Peter Clowes, were paid more than £500,000 in secret commissions in a Swiss bank account, the High Court was told yesterday.

It was alleged that Investment and Pensions Advisory Services (IPAS), whose principle partner was Mr David Gray, had also entered into a variety of business transactions with Barlow Clowes which were "wholly inconsistent" with acting as an independent adviser.

The evidence emerged as the Securities and Investment Board (SIB) moved to wind up both the company and partnership using the IPAS name in the public interest.

During the hearing, the court was told "an astonishing tale" of how Mr Gray had lost two large amounts of cash. Mr Gray said he had lost a briefcase containing SFr510,000 (£203,187) while abroad.

The second amount – of A$200,000 (£99,000) – was said by Mr Gray to have been lent to an Australian businessman whose address and telephone number he had left in a telephone box.

These cases gave rise to "extraordinary doubts about the man's probity, let alone his competence," said Mr Heslop.

The secret commissions paid offshore to Mr Gray and his partner, Mr David Myers, who received 10 per cent of IPAS's earnings, were first put into an investment account with Barlow Clowes in Geneva.

They were later paid into two accounts with Swiss Bank Corporation (SBC) in Geneva. The money is alleged to have been taken out of Barlow Clowes after Mr Gray became worried early in 1987 that investments in Barlow Clowes were not being put into gilts, as claimed, but in risky business ventures.

The SIB also alleges "serious breaches" by IPAS of the accounting requirements of the Companies Act 1985 which led to an understatement of its profits in 1987.

In a letter from his solicitor read out to the court, Mr Gray said that he accepted the winding up on the grounds of insolvency but refuted many of the SIB's allegations. The hearing continues today.

● In a further blow to Barlow Clowes investors, facing expected losses totalling more than £70m, the court was told that IPAS's insurers are trying to repudiate the company's indemnity insurance policy on the grounds that it had engaged in false accounting.

UK NEWS

Scots businesses warned of 'threat to enterprise'

By James Buxton, Scottish Correspondent

A SCOTTISH businessman warned yesterday that bureaucrats could become entrenched in the local enterprise companies that are to be set up under the Government's Scottish Enterprise scheme before the private sector becomes established in running them.

Mr Bill Stevenson, chairman of Scottish Business in the Community, gave this warning as Mr Ian Lang, Scottish industry minister, unveiled a detailed handbook on how the local enterprise companies (LECs) will operate.

Scottish Enterprise is a project to reorganise and decentralise training and enterprise development in Scotland. A central body named Scottish Enterprise will replace the Scottish Development Agency and take over the functions of the Training Agency north of the border.

It will operate through 12 LECs, the boards of which will comprise two-thirds private sector members. The LECs should have greater powers than their English equivalents, the training and enterprise councils (TECs).

Although legislation to create Scottish Enterprise will not be passed until next summer, several consortia of prominent private sector figures in different parts of southern Scotland have submitted bids to form LECs and others are in final stages of preparation.

Mr Lang said that the first contracts with LECs would be signed by the middle of next year, although Scottish Enterprise itself will not be formed until April 1991.

Mr Stevenson said that the speed with which the Scottish Enterprise scheme was being implemented meant that officials from the SDA and the Training Agency would be able to become entrenched in the LECs before the private sector representatives had had time to learn how to fulfill their functions. The bureaucrats, he said, would reflect the restraints imposed by the Treasury.

The handbook says that the LECs will be expected to appoint senior SDA or Training Agency officials as their chief executives and will be offered staff from these bodies on secondment. LECs will not have to accept these staff but will not receive a management fee if they refuse suitably qualified personnel.

The LECs will be allowed to invest up to £50,000 in business ventures without authorisation from higher bodies, and up to £250,000 on projects such as property development. The handbook says these levels encompass about 80 per cent of all projects currently carried out by the SDA and will be progressively raised.

The LECs will be expected to administer Training Agency schemes such as the Youth Training Scheme and Employment Training under what it calls "fairly detailed rules." Mr Lang acknowledged yesterday that these would account for between 70 and 80 per cent of each LEC's budget. The handbook that LECs will be able to vary the schemes somewhat to meet local needs.

In Brief

Newspapers asked to agree code of conduct

Newspaper owners and editors are being asked to agree to a detailed code of conduct for their papers and to appoint ombudsmen to deal with complaints from the public, writes Raymond Snoddy.

The suggestions are contained in new guidelines drawn up by a committee set up by the Newspaper Publishers Association under the chairmanship of Mr Andreas Whittam Smith, editor of The Independent.

The guidelines on press behaviour covering everything from invasion of privacy to paying criminals for stories are designed to head off the threat of legislation to restrict the freedom of the press.

It is felt that the code will form a credible alternative to legislation only if it is accepted by all national newspapers.

BSB aerial order

British Satellite Broadcasting said it had placed with Matsushita, the Japanese electronics company, a first order for 70,000 of the flat aerials which will pick up its new television service.

Sanwa in Scotland

Sanwa, fifth largest bank in the world, will become the first Japanese bank in Scotland when it opens an office in Edinburgh tomorrow to offer local companies a range of financial services.

Gomba pleading

Mr Abdul Shamji, head of the Gomba group of companies, pleaded guilty at the Old Bailey to committing perjury when questioned about his assets during a High Court inquiry in 1986 concerning the group's £20m debt to Johnson Matthey Bankers.

Ambulance meeting

Leaders of the five unions representing Britain's 22,500 ambulance workers will meet this morning to consider tightening up their industrial action over a rejected 6.5 per cent pay offer.

University staff seek pay bill rise up to 8.5%

UNIVERSITY employers have asked the Government for an extra £100m for university pay for 1990-91, writes David Thomas.

The sum, which is equivalent to about 7 to 8.5 per cent on the university pay bill, forms the main demand in the submission from the Committee of Vice-Chancellors and Principals to the Government's annual public spending exercise.

This year's pay settlement for university lecturers was achieved only after a bitter dispute in which the Association of University Teachers (AUT) boycotted exams and the Government sanctioned the spending of an extra £120m over three years on academic pay.

AUT leaders have already threatened to launch another exam boycott and disrupt student admissions next year, if the Government fails to fund a substantial pay rise for dons.

Occidental attacked in Piper Alpha inquiry

OCCIDENTAL, the US oil company which owned the Piper Alpha production platform on which 167 men were killed in a fire in July 1988, was attacked fiercely over its attitude to safety at the public inquiry into the disaster yesterday.

Mr Hugh Campbell, representing trade unions at the inquiry in Aberdeen, north east Scotland, said: "It is our submission that the attack on management which we make is not only amply justified, but central to the cause of the disaster.

"It is the lack, shown again and again in the evidence, of commitment to a safety-first policy imposed unequivocally by management, demonstrated by example by management, enforced rigorously and monitored by management, which led in our submission to the situation on Piper Alpha on the night of the disaster, when so much went wrong with such terrible consequences."

He said Occidental witnesses at the inquiry had sought to maintain a picture of a caring, safety-conscious management. "They do not in any way depart from the whiter than white image they seek to project. They do not accept that their procedures or their adherence to those procedures fell short of proper standards."

The oil company's response to submissions from the union side had been couched in tones of "injured innocence," which was in itself "a damning criticism" of Occidental management.

Mr Campbell was the first of the lawyers to begin legal submissions at the end of the first stage of the inquiry – an investigation into the cause of the tragedy. The second stage will be a study of the lessons to be learned.

UK NEWS – THE EMS DEBATE

How the rest of the Community is 'catching up'

By George Graham in Paris, John Wyles in Rome and David Marsh in Bonn

IN HER weekend interview, Mrs Margaret Thatcher, the UK Prime Minister, restated her view that to join the EMS, or any system, "you must all play by the same rules."

Britain, the Prime Minister said, was ahead of most other EC members in dismantling *capital market controls*. The others had to catch up. The Community's larger member states have until 1990 to remove most controls, while other smaller nations, among them Spain, Greece and Portugal, have until 1992 and beyond.

Among the larger states, one of the first tasks faced by Mr Pierre Bérégovoy, the French Finance Minister, when he returned to office in May 1988, was preparation for discussion of the European Community directive on the liberalisation of capital movements.

It was France, along with Denmark, which nearly prevented this directive from being adopted in 1988.

Both countries were concerned about the possibility of capital flight to other countries with lower taxation, and Mr Bérégovoy insisted that the Community must study how to harmonise savings taxation in the member countries in parallel with the move to dismantle exchange controls.

Since then, France has taken some further steps towards freeing capital movements – a process begun by Mr Bérégovoy in 1985, accelerated by Mr Edouard Balladur, who was finance minister between 1986 and 1988, and taken up again by Mr Bérégovoy on his return to power.

Efforts to harmonise taxation have largely fizzled out and the French Government has had to retreat to a demand for greater anti-fraud co-operation between national tax authorities.

Companies now face hardly any real restrictions on foreign dealings and the main exchange control which remains is the ban on individuals holding bank accounts abroad or foreign currency accounts, other than in European Currency Units (Ecus), in France.

Mr Bérégovoy has said he will abolish this in June 1990, but there appears to be little likelihood of him jumping the gun.

Italy has said it is determined to abandon all remaining see that all remaining restrictions on capital movements are abandoned by July 1990. It has the same timetable set for the lira moving into the narrower 2.5 per cent oscillation band of the exchange rate mechanism of the EMS from its current 6 per cent margin.

In September last year, Italy emerged from its 32-year-old regime of controls on capital movements, enlarging the scope for foreign currency operations for banks and companies. The move followed a progressive relation of controls started in May 1987.

Until last year, capital restrictions were based on the philosophy that all was forbidden unless specifically approved by the authorities. That was reversed, to establish the principle that all is now permissible unless specifically forbidden.

Operations which are still outlawed include holding lira deposits abroad, opening credit lines in lira or foreign currency for the benefit of an external operator, and the purchase of foreign securities with a maturity of less than 180 days.

Restrictions still in force require that all foreign currency transactions be channelled through an approved bank and the handing over of foreign currency holdings to such banks within 60 days from when they are acquired. Foreign securities must also be *lodged with the* appropriate banks.

Mr Carlo Azeglio Ciampi, the Bank of Italy's governor, said at the weekend that the EC's failure to harmonise taxes on capital gains could mean higher interest rates in Italy and could put pressure on the country's current account and monetary policy.

West Germany has no controls on capital movements, but maintains prudential rules which limit placements in foreign securities by indigenous insurance companies and investment funds.

A Bundesbank official yesterday pointed out that this was part of the supervisory authorities' efforts to protect clients' funds.

Various types of domestic paper and other investments are deemed as offering first class security, restructuring the extent to which these funds can shunt money abroad. The official admitted that these prudential constraints were a question to be discussed in view of British insurance companies' efforts to break into post-1992 Continental markets for financial services. But he suggested it was "absurd" to bring these requirements into the debate on whether Britain should enter the EMS.

The Bundesbank points out that West Germany scrapped capital controls long before Britain did so in 1979. Consequently, Bonn has no need to take any action to prepare the way for the "first stage" of EMU on July 1 next year.

Although West Germany can hardly be the country Mrs Thatcher had in mind in her strictures over capital controls, Bonn is clearly on the defensive over subsidies.

Subsidies as a percentage of GNP have risen since Chancellor Helmut Kohl took power in 1982. Especially in the areas of coalmining, shipbuilding, agriculture and housing, they have proved very hard to budge – but it would be very hard to put this forward as a credible reason why Britain cannot join the ERM.

Spain finds few faults with EMS

IT IS hard to find a Spanish economist who disagrees with Spain's rapid entry in June into the exchange rate mechanism of the EMS, though some say the currency may have entered at too high a rate against the D-Mark, writes Peter Bruce.

Economic similarities between Spain and the UK are, on the surface at least, remarkable. After high growth in the past three years, both are now struggling with quickening inflation, high interest rates and widening current account deficits.

The difference that matters to Spaniards is that the peseta has been strengthening, while the pound has fallen sharply against its main trading rivals. "The difference is that we are in the exchange rate mechanism and the UK is not," said one economist yesterday.

The peseta has been the strongest currency in the ERM since joining. The Bank of Spain recently chided the Bundesbank *for suggesting* it should be devalued as part of a realignment of EMS currencies. The peseta strengthened further against the D-Mark yesterday, to about Pta63.6, on news that Mr Felipe González's socialist government had been returned to power in Sunday's general election.

Thatcher unfurls flag of her Madrid triumph

Peter Norman looks at the Prime Minister's stand on full British entry into EMS

PRIME Minister Margaret Thatcher's enumeration in a weekend television interview of the obstacles that would have be removed before Britain becomes a member of the Exchange Rate Mechanism must have struck many viewers as evidence that she was still strongly opposed to making the UK a full member of the European Monetary System.

But her words did not amount to a re-interpretation of Britain's approach towards the EMS following last week's dramatic resignation of Mr Nigel Lawson as Chancellor.

Instead, Mrs Thatcher's exposition of the conditions for British membership of the ERM was a reminder of what a considerable diplomatic triumph the late June summit meeting of European Community leaders in Madrid had been for her.

She went to Madrid under pressure from Britain's European partners and many in her own party, including Mr Lawson, to signal greater British willingness to become a full EMS member. She left having agreed to a communiqué which committed Britain to joining the ERM as part of the first stage only of the three-stage process towards European economic and monetary union outlined in the Delors report.

The Madrid agreement left the timing of the British move largely in the hands of the UK Government and provided many reasons for delaying this step.

This aspect of the Madrid communiqué has been overshadowed in the intervening months by the revival of the Europe-wide bandwagon in favour of economic and monetary union and developments in the UK. An increasing number of British businessmen and commentators have urged British ERM membership as an answer to the country's problems of high inflation, high interest rates and a feeble pound.

With leading politicians such as Sir Geoffrey Howe, the Deputy Prime Minister, and Mr Lawson known to favour full British membership of the EMS, it was easy to overlook the substantial cards in the Prime Minister's hands provided by the texts of the Madrid communiqué and Delors report.

In fact, the Madrid communiqué contained no specific mention of Britain or any other country joining the ERM.

It said that the European Council "restated its determination progressively to achieve economic and monetary union," noting that this goal "must be seen in the context of the completion of the internal market and in that of economic and social cohesion."

It said that the Delors report fulfilled the mandate given by EC leaders at their June 1988 summit in Hanover, West Germany. It decided that "the first stage of the realisation of economic and monetary union would begin on 1 July 1990."

There was no agreement in Madrid to proceed with stages two and three of the Delors programme which envisage gradual institutional steps towards the creation of a single European currency and central bank. On stages two and three, the leaders only agreed "to carry out the preparatory work for the organisation of an inter-governmental conference to lay down the subsequent stages." The conference would meet after stage one had begun and after full and adequate preparation.

According to the Delors report, the first stage, which was agreed in Madrid, "represents the *initiation of the process* of creating an economic and monetary union." The italics are those of the Delors report which goes on to outline the steps needed for "greater convergence of economic performance through the strengthening of economic and monetary policy co-ordination within the existing institutional framework."

The Delors report said that steps in the economic field would centre on completion of the EC's internal market and a reduction of existing differences between member states' economies. The report also outlined a complete removal of physical, technical and fiscal barriers in the Community and a strengthened EC competition policy.

In the monetary field, the Delors report said stage one would focus on removing all obstacles to financial integration and on intensifying co-operation and co-ordination of monetary policies. It said: "The objective of a single financial area in which all monetary and financial instruments circulate freely and banking, securities and insurance services are offered uniformly throughout the area would be fully implemented."

Of particular relevance to Britain, the Delors report said: "It would be important to include all Community currencies in the EMS exchange rate mechanism. The same rules would apply to all the participants in the exchange rate mechanism."

The Delors report's description of stage one makes clear that much of what Mrs Thatcher demanded in the weekend television interview is EC policy and not just British government policy. Moreover, there is a clear time scale for those elements of the Delors process, such as France and Italy giving up exchange controls while countries such as West Germany should in any case dismantle their industrial subsidies under the Treaty of Rome.

What the Delors report – and by extension the Madrid communiqué – left unclear was the timing of British entry into the ERM. It is this lack of clarity which has enabled Mrs Thatcher to insist that Britain will join the ERM on the conditions laid down in Madrid while giving the impression that such a move will be later rather than sooner. It was this same lack of clarity that encouraged Mr Lawson to think that full EMS membership for the UK might not be such a distant prospect.

The Prime Minister did not give a comprehensive list of the conditions for Britain becoming a full EMS member. By concentrating on what other European countries must do, for example, she left out the important point she made after Madrid – that Britain must get its inflation rate down to the level of the full members of the EMS before joining the exchange rate mechanism.

If there was any shift of nuance, it was in her drawing a distinction between Britain's open economy and the EMS member states with "artificial and cultural barriers which are going to be very difficult to get down."

For some, it seemed almost as if Mrs Thatcher was talking about Britain's fellow EC members in much the same way as Ms Carla Hills, the US special trade representative, talks about Japan.

When Bill Thomson joined Clydebank Doors as production manager just over a year ago the company feced a welter of problems. Timber arriving at the factory "just piled op all over the place," he recalls. Doors were being made in large batches to justify the time taken to set up the machinery but then waited in stock because other components were not ready. Many finished doors were rejected on final inspection because of damage caosed while they were being moved around the factory.

The result was that the company, which had a turnover of £1.2m, was making losses. Thomson, who had experience of managing production problems in a number of large companies, decided that controls needed to be tightened up.

He introduced a manual system for tracking the progress of the timber and the semi-finished doors through the factory. A written record was kept of incoming timber, when the timber went from stock to production and when the finished door went into stock. With this in place he went on to computerise the system, getting a friend to write him the software he needed and running it on a personal computer which was being used in the factory for just 10 minutes a day.

Thomson also ordered a record to be kept of the reasons for the finished doors failing at final inspection or being sent back by customers. The biggest problem was "damage caused during handling in the factory." He realised that the entire workforce had to be involved if quality were to be improved.

Thomson set up "quality groops" to discuss the high wastage rate. "This had a dramatic impact without us doing anything different in a technical sense," he says.

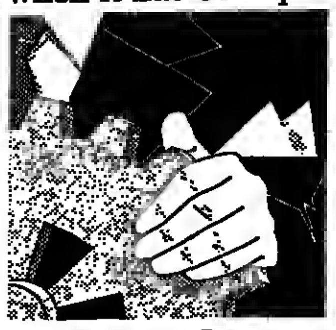
As a result of these changes the company can now plan its production levels. Doors are made in smaller batches so that they spend less than a day in the machine shop compared with a week previously and the value of work in progress has fallen from £100,000 to £25,000 on unchanged production volumes. More efficient working allowed Thomson to slim the workforce from 60 to 46 people.

After two years of losses Thomson believes the company will break even this year. This turnround has led to Clydebank earlier this month being bought by Ideal Furniture Products, a privately-owned Dumbarton company.

Production control

Get it right manually first

Charles Batchelor explains that a crucial process is ripe for computerisation but only when it has been put in order should the multitude of options be explored



Managing production

Bill Thomson: introduced progress tracking systems

The casual approach which Clydebank used to adopt towards managing its production is only too common among small manufacturing businesses where the production manager is often chosen on the basis of time served in the factory and is not given any management training.

Production or operations management still receives scant attention in business schools and small firms programmes. Production control remains an unfashionable subject, comments Roy Staughton, lecturer in operations management at Bath University's School of Management. It often pays less well than other areas of management and fails to attract the best people.

In recent years evidence of the success of Japanese companies in manufacturing efficiency has spurred many large British manufacturers to devote more time and effort to improving their efficiency.

It takes time, though, for ideas to filter through to the smaller business. In addition, many people involved in providing advice to the smaller company have a background in marketing or accountancy and are unaware of the importance of how manufacturing is organised, says Ronnie McMillan, head of the manufacture and engineering management division of Strathclyde University.

Many smaller businesses ignore the subject as being too complex or expensive to be applied to them though others, sometimes under pressure from their larger customers, are starting to adopt a more professional approach. The growing availability of inexpensive personal compnters has also enabled smaller firms to adopt quite sophisticated prodnction management systems, says Richard Turner, general secretary of The British Production and Inventory Control Society.

Production management embraces many areas of a company's operations from the layout of the factory through the ordering of raw materials and components, the prodnction process to despatch and after-sales service. It comprises decisions on whether products should be made on a continnous production line, in large batches or individually; on how stocks are managed, costings calculated and the workforce motivated and paid.

Crucially, it requires companies to take an integrated view of their operations instead of treating each element in isolation. Rather than running an individual machine or department for maximum "efficiency", a firm should consider the impact on its overall effectiveness of, for example, making large numbers of components for stock, says Derek Aldridge, a staff member of Sandwell Business Training Centre in the West Midlands.

Instead of encouraging the purchasing department to buy in the cheapest components, more account should be taken of production's needs for a part that does the job well. If bought-in parts are faulty this should not be dismissed as a problem for the purchasing department, Aldridge urges. The supplier should be brought in and allowed to talk to the shop floor supervisor and his operators to see how the part could be improved.

Confusingly for the small firm, production management has thrown up a mass of acronyms to describe the areas it covers. These include MRP or materials requirements planning, MRP2 or manufacturing resource planning, FMS (flexible manufacturing systems) and JIT (just in time).

But the smaller business need not become involved in all the complexities of systems which were originally devised for very large companies. Clydebank now has effective prodnction controls despite its losses which meant Thomson had very little to spend.

That prodnction control systems do not have to be complicated is confirmed by Des O'Brien, joint founder and managing director of D.W. O'Brien, a Kettering, Northamptonshire, manufacturer of pressed metal parts. The company was always busy and kept winning new orders but seemed to have lost the knack of making profits.

After a few days spent analysing O'Brien, John Wigham, from the Manchester-based March Consulting Group, identified a number of problems. The company, which employs 30 people and expects turnover this year of £1m, could calculate its production costs bnt was effectively guessing its overheads.

The workforce always looked active but was spending a lot of time looking for tools and ordering and chasing materials. If customers sent in their own tooling to be used in making metal parts it was often of poor quality but O'Brien made no charge for the hours spent bringing it up to scratch.

The company monitored the large orders from key customers but had no effective controls over work being done for the 80 per cent of customers who made up 20 per cent of its turnover.

O'Brien already used a system of route cards to monitor the progress of orders through its factory bnt Wigham suggested that the company introduce a computerised system to give better control.

A proper analysis was made of the cost of materials, of machine time and of labour. Wigham also carried out a detailed breakdown of overhead costs which turned out to be far higher than the company's own previous estimates.

This analysis revealed that O'Brien had been fairly accurate in costing the large jobs but its calculations on the smaller ones were out by a factor of three or four. A market survey established that competitors' prices were higher than O'Brien had previously been charging even its key customers and the company was able to push through price increases of 15 per cent.

With all the details of production times and costs stored to the computer O'Brien has only to punch in the size of a particular order and costings and prices are calculated automatically.

While the drop in the price of computers has meant many small firms can afford to use them, some companies prefer to operate a manual system of production control, at least in the early stages. "Production management does not inevitably involve computers," notes Derek Aldridge. Computers are not a means of leapfrogging the analysis of a company's operations which has to be done. "Until a company knows what it is looking for a computer is no help," he says.

Nick Parker and Stephen Thompson opted for a manual control system when 15 months ago they acquired Harris Miller, a Sheffield cutlery company supplying the catering trade. Harris Miller, an old-established family-owned businaas, had ontdated machinery and suffered from poor productivity.

A consultant recommended that the company set up a paper-based control system which allowed the production plan to be based on the level of incoming orders. The previous family management had kept this sort of information in its head or on scraps of paper. Ultimately Harris Miller will compnterise its control system but starting with a manual system allows it to smooth out production hiccups first.

At two-hourly intervals supervisors record the level of production in their department so the daily management meeting can see if delivery schedules are being met and if workers are being employed effectively.

The result has been to increase turnover per employee from about £8,500 to £14,000 though this is still well below the levels of Far Eastern competitors. Harris Miller now makes sales of £2.5m with a workforce of about 180 people.

Production management can lead to a significant improvement in the performance of the smaller company. Clydebank's Bill Thomson says: "We are at a very simple level but the impact on the business has been startling."

The first article in this series appeared on October 24.

How to advertise in Eastern Europe

By Charles Batchelor

Forget for a moment the 320m-strong European Community market and turn to the 420m inhabitants of the Soviet Union and Eastern Europe. Perestroika is increasing commercial opportunities in the East but how can you break into such a large potential market?

One way of establishing a foothold may be to publish details of your company's products or processes in technical magazines, according to a new booklet*. Business may be controlled by large state trading organisations but their decisions are influenced by engineers and managers in individual factories.

The typical East European magazine may be a designer's nightmare to the Western reader. Printed on poor quality paper, the pages crowded with small print, few small photographs but masses of diagrams and graphs, it looks unappealing. But as a way of reaching a specialised andience it is ideal, according to Janie Jeffrys, managing director of EIBIS International, which helps companies prepare technical and commercial information for publication.

Because the press is state-controlled there is normally just one magazine for each sector of industry which everyone in that sector reads. There are "horizontal" publications covering areas such as hydraulics or instrumentation and "vertical" ones for specific industries as well as those aimed at different levels: academics, production engineers and foremen. There will hardly ever be two exactly parallel magazines.

But will the state-controlled press accept material from the West? Even when the Cold War was at its frostiest technical editors in Eastern Europe were keen to learn about Western technology, says Jeffrys.

The material supplied should, however, be confined to hard, detailed and technical fact. The industrial press of Eastern Europe is interested in technology not in business so advertising slogans should be avoided, she advises.

"If you have interesting technology and you write about it clearly and with authority you can and will be published. New product descriptions, practical application stories and long, signed feature articles are all acceptable vehicles," she says.

Should the article be translated? For western publications the answer would be "Yes" but most East European editors will accept copy in English, German and French. Often editors have access to state-run translation facilities. Unless you are specifically asked do not send a Russian translation to any other Eastern country, however.

Be careful how you choose a translator, Jeffrys advises. Until recently many translators had fled from the East to the 1930s and 1940s and had never been back. "It was easy to find your latest electronic super device written up with great elegance in the style of John Galsworthy."

It is vital for translators to be up-to-date both in the specialist technology of your industry and in current written idiom, she urges. Translations should always be checked by a second independent linguist to guard against misunderstanding or carelessness. Stick to these rules and a place in the pages of Przemysl Spozyczwy or Strojirenska Vyroba could be yours.

** New Openings to the East. 20 pages. EIBIS International, 3 Johnsons Court, Fleet Street, London EC4A 3EA. Tel 01-353 5151. Free.*

In brief...

■ High interest rates are putting increasing pressure on smaller companies in Britain. One third of small firms which responded to the latest Small Business Research Trust quarterly survey* mentioned finance and interest rates as their main business worry – the highest proportion since the surveys began five years ago.

The second most pressing problem, mentioned by 14 per cent of respondents, was the lack of skilled and trained employees. A further 10 per cent of small firms rated government red tape as their biggest concern.

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TECHNOLOGY

Karen Fossli on how British Petroleum Norway solved a document storage problem

Keeping track of plans offshore

Managers of large engineering and construction projects often face the problem of keeping track and storing drawings and documentation. British Petroleum Development Norway, the Norwegian arm of British Petroleum, has taken a lead in solving the problem at its Gyda offshore oil field development project in the North Sea.

If the task of storing documents is not done properly, millions in extra costs can accrue. A method is needed which offers easy and fast access as changes to a design are made. Even after the project comes to fruition – and later when reference for maintenance, repair or modification is required – documentation is necessary.

BP deployed Imagemaster, a $750,000 document scanning and control facilities system, supplied by UK-based Spectrum Datagraphic Systems. Imagemaster converts engineering drawings to electronic images for storage on optical discs.

It uses a high-resolntion scanner to etch images at a rate of 200 dots per inch. In 20 seconds the scanner can process a standard document; in one minnte the system can display documents at remote sites; in another minute it can prepare hard-copy documents from images in the system.

The Gyda platform is being developed with a single, 8,100 tonne steel jacket (the substructure of an offshore oil or gas production platform). It is used to support four platform modules, each weighing an average of 4,500 tonnes. The project is termed marginal because the field contains just 200m barrels of oil. It requires an investment of NKr8.5bn (£770m) for its extraction, and stringent demands have been placed on cost-effectiveness.

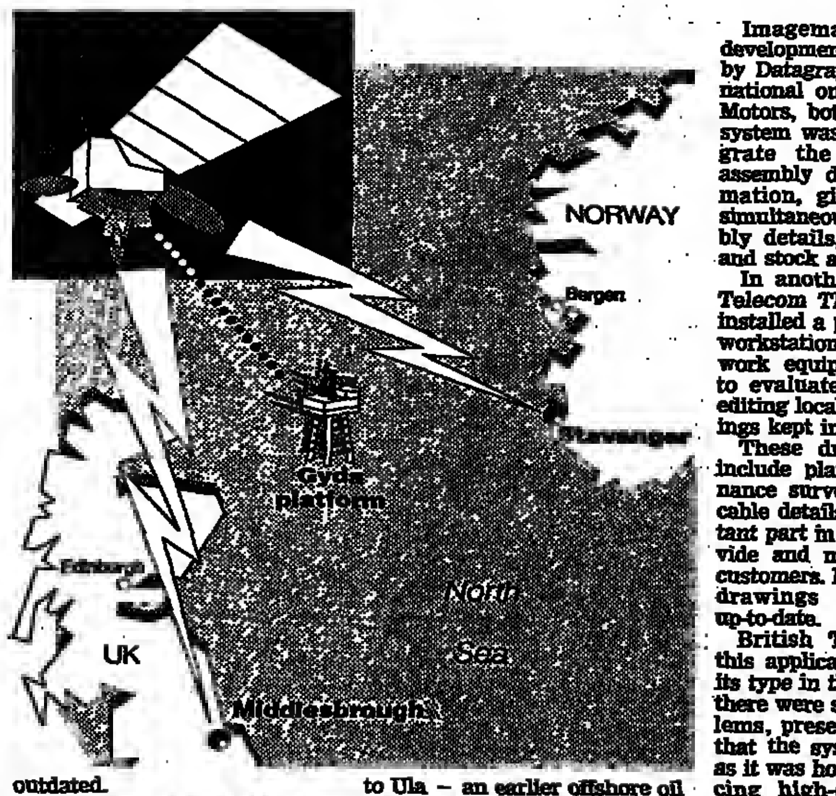
BP placed its construction and engineering contracts early for the Gyda project to enable constant review of the design. This optimised opportunities to make changes early in the project and to avoid costly modifications later. The platform is expected to begin drilling oil by the middle of next year.

Spectrum's mandate for the Gyda project was to create a system which could accommodate several functions:

- Bring all of Gyda's engineering drawings to a common electronic format.
- Transmit data quickly using data links to the engineering and fabrication sites, and offshore to the Gyda platform.
- Provide a means for editing any Gyda engineering drawings to maintain up-to-date high-quality drawings.
- Reduce copying costs.
- Provide a convention for engineering and fabrication work undertaken by BP.

According to Mr Bruce Cartwright, Gyda's engineering manager who was seconded to Norway from BP Engineering London: "When we turned the Spectrum system on for the first time . . . the drawings which we retrieved were already more current than any hard-copy document on file at any of the sites," he says.

Quantifying the cost savings brought about by the Imagemaster system is difficult, says BP. But if those same drawings, in hard-copy form, had been requested from BP's headquarters to the construction site where the platform was built, it would have taken days, or possibly weeks, for them to arrive. By that time the drawings would have been outdated.



Document imaging has many advantages, including the elimination of reams of paper which accumulate during the life of an engineering project. It also simplifies how modifications to engineering documentation can be made in the most efficient manner while facilitating electronic distribution.

BP's system allows its project staff to retrieve immediately any of the 300,000 drawing on a local network at its Stavanger and Oslo sites in Norway and its Middlesborough site in England. BP also intends to scan, record and file engineering documents related to Ula – an earlier offshore oil field development project – on optical disks.

BP Information Systems Services London (ISS) is working with Spectrum to develop linkages between existing database technology and imaging processes. "BP has a big investment in a large number of databases which index engineering and maintenance information for various offshore platforms which we operate. To avoid re-inventing the wheel by introducing yet another database we will use the Imagemaster to solve this problem," explained Tim Wright of ISS.

Imagemaster grew from development work undertaken by Datagraphic Systems International on behalf of General Motors, both in the US. DSI's system was developed to integrate the various product assembly drawings and information, giving GM workers simultaneous access to assembly details, component parts and stock availability.

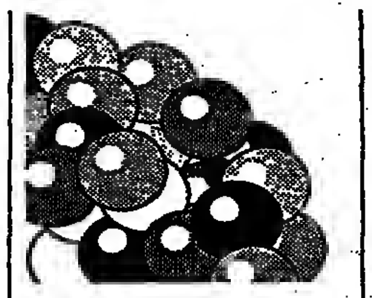
In another project, British Telecom Thamesway District installed a pilot system of four workstations, optical discs, network equipment and plotters to evaluate the potential for editing local government drawings kept in the district.

These drawings – which include plant located on ordnance survey maps, duct and cable details – play an important part in BT's ability to provide and maintain service to customers. It is vital that these drawings are lagible and up-to-date.

British Telecom "believes this application is the first of its type in the world and while there were some teething problems, present indications are that the system is performing as it was hoped, namely producing high-quality, accurate drawings in less time."

Mr Duncan Leopold, Spectrum's managing director, says another advantage of Imagemaster is that standardisation to the myriad existing formats is not a problem. "What Spectrum has done is to provide a translator for various formats and we are more than happy to create a link rather than establishing a standard which clients must adapt to."

Imagemaster's high costs have limited potential clients to large corporations, but as more systems are sold costs are expected to be brought down.



WORTH WATCHING

Edited by Della Bradshaw

A dip into the contracts store

COMPANIES eager to obtain more information about European government contracts will soon have an electronic method of searching for the information.

Dun & Bradstreet, the electronic publishing company, will launch a service in January that allows subscribers to dip into information from the Tenders Electronic Daily database, where data on all European government contracts valued at over £90,000 are stored. The database contains 2,500 tenders at any one time, many concerned with the construction, computer and electronics industries.

The company is also planning to introduce an electronic mailbox service, so prospective suppliers can drop messages to the relevant government department asking for further information.

Following the launch of Dunscontract, the company is also planning a service for contracts valued at less than £90,000, where both government departments and commercial organisations could advertise their tenders free of charge.

Logistical plans on the big screen

A BIG liquid display screen, up to seven by 10 feet in size, has been developed for use by emergency services, railways or any other organisation which needs to do logistical planning on a large scale. The screen can be used to provide a wall-sized map which is as interactive as a computer screen.

The displays, developed by Greyhawk Systems, of California, use a liquid crystal display technology which relies on fine lasers to control each of the picture elements (pixels) rather than the usual electrical current. As a result, a much higher number of pixels can be squeezed on to the screen – over 37m on the large area display.

To produce a colour screen, three liquid crystal screens – one in each of the primary colours – are superimposed over each other.

The advantage of the screen over traditional maps or models is that data can be fed on to it using a computer. For example, if a railway company was planning its timetable, it could display a map of the rail network on the screen and then experiment with sending trains along the network at various times, to reveal any clashes.

Fabrics that can stand the heat

TO MAKE sure that furnishing fabrics and protective clothing are fireproof, a company in Oxfordshire has developed a computer controlled spray-and-dry machine, which can use a number of chemical compounds to suit a range of fabrics.

The Partex machine, from Peter Cook International, uses a feed belt to take fabric up to two metres wide. The fabric passes horizontally through the spray zone, which uses an air-assisted spray gun system. It is then dried by infrared heaters.

Four types of chemicals can be used with the machine to render fireproof everything from lightweight synthetic fibres to the heaviest materials. The machines can also be used to apply flocking and chemicals to make the fabric waterproof.

Electrodes join carcinogen battle

A MOSCOW University professor has developed a method of removing carcinogens from industrial waste. The method is said to be ecologically safer and less expensive than those used in other parts of the world, writes Andrew Wiseman.

Instead of eliminating dangerous substances by using chlorine and other chemicals, the industrial effluent is treated by electrolysis, using electrodes coated with a platinum coated graphite. These catalysts break down the carcinogens into harmless carbon dioxide and other compounds.

Initially, the rare and expensive metal ruthenium was used as the catalyst, but the Voronezh synthetic rubber works – where the system has been installed – use platinum coated graphite, said to be cheaper and giving better protection to the electrodes.

The lumberjacks' secret remedy

THE COMMON cold may have met its match. A letter in last week's Lancet medical journal proposes the intriguing idea that sniffing vitamin C, rather than swallowing it, provides the cure everyone has been waiting for.

The idea was first suggested by Olav Braenden, of the United Nations Narcotics Laboratory in Geneva, who carried out private research into the habits of Norwegian lumberjacks.

Braenden found that lumberjacks do not suffer from colds when they reside in mountain cabins. But as soon as they return to the valleys they are as susceptible to sniffles as anyone else.

He believes the preventative factor was a form of vitamin C given off when pinewood was burnt in cabin stoves and which the lumberjacks inhaled.

The idea has now proposed again by Anne-Lise Gotzsche, who in a letter to the Lancet, reports that in private experiments ascorbic acid – vitamin C – inhaled on the onset of the cold appeared to abort the malady.

"DO YOU HAVE TO KEEP SNEEZING ON THE FIRE?"

Contacts: Dun & Bradstreet: London, 377 4377. Greyhawk: US, 408 946 1776. Peter Cook: UK, 0993 842609. Novosti: Soviet Union, 201 70 60. Gotzsche: London, 435 3888

Andersen Co-operates with launch

ANDERSEN Consulting, the management consultancy arm of accountants Arthur Andersen, will launch in London next week a service called Co-operate. It is designed to transform computer operations from a collection of unstructured practices to a professional discipline. Andersen believes the market in the UK for such a service could amount to £400m a year.

The service offers an exact analogy with computer-aided systems engineering (Case). It consists of two parts, a methodology and a set of software tools to automate many operations activities.

While the running of company data centres is becoming increasingly automated, there is still a need for operators and operations management.

Andersen says spending on computer operations is about 46 per cent of total expenditure on information technology. This is increasing between 20 per cent and 50 per cent a year. "Not all managements," Andersen says, "are clear what benefits, if any, they are getting for this extra cost."

Much of Co-operate looks, on the surface, to be common sense. The aim is to guarantee the delivery of an agreed level of service at an agreed cost. Richard Launder, Service Development Director for Andersen's facilities management operation (under which the new service is being launched), reckons that present standards of operation are on average so poor that a company cleaning up its operations performance would find itself with a competitive advantage in terms of efficiency.

A feature of Co-operate is Co-operate/1, a workbench (set of software programs) designed to simplify complex operations tasks and automate routine activities.

Part of the procedure involves measuring the performance of the various parts of the system – processor use, disk space management, network capacity – and ensuring maximum utilisation.

Andersen accepts that there are competitive products for many of the tools in Co-operate but argues that no other company has created a comprehensive operations package before. The average cost is expected to be between £100,000 to £150,000. Andersen calculates that a customer should recoup the outlay in three years.

Alan Cane

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D.R. Keast, Deputy Secretary
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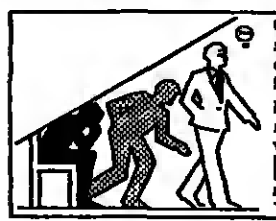

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For further information, contact the Joint Administrative Receivers, Mr M A Jordan or Mr M J Moore at:-

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FT2

David's revolution

From Paris, William Packer reviews the exhibition at the Louvre

In this year of the Bicentenaire, there can only be one painter for the next of the great exhibitions that the Réunion des musées nationaux is devoting to the great artists of France. With the Louvre now *transformed*, where else to celebrate Jacques-Louis David but in the very rooms where the masterpieces of neo-classicism and romanticism were always bung. This remarkable exhibition, with its important pendant at the château de Versailles, has been sponsored by Air France, and remains on view until February 12.

David was an artist peculiarly of his times: complex, high-minded, frail. Of all his fellows, he was the most openly political in his ambition, and the most dangerously compromised by the turn of events. He was involved with the Jacobins from the first days of the Revolution, and was soon the National Assembly's commissar of the Arts. By September 1792 he was a deputy for Paris in the National Convention, voting within months for the death of the King. He was close to Robespierre, but at the *final crisis of 9 Thermidor, 1794*, was ill and absent from the Convention. Between the 10th and the 12th, Robespierre and dozens of his associates went to the scaffold. On the 13th David was himself denounced and on the 15th arrested. But the storm had passed.

Drawn towards power and the powerful, he had no real head for that strong brew and was lucky to keep his own. Doing one thing, saying another; cultivating private commissions while producing public moralities – the charge of hypocrisy is easy to lay, yet who would not pity the man called to answer to the Convention, in fear of his life. He was merely shut up in the Luxembourg and released at the New Year. The self-portrait he painted during his confinement has a pensive aspect, not unmixed with relief.

In his youth, David had been encouraged by his relative, Boucher, who was by then First Painter to the King. In 1775, at the age of 27, he won the Prix de Rome, and in Rome, steeped in the art and history of the old Republic, he began to slough off the more hedonistic and sentimental classicism of the Rococo for something altogether more radical and severe. But only after his return in 1780 did his neo-Classical originality fully declare itself. Belisarius (1781), blinded by the Emperor he had served, is reduced to begging in the street. The theme is openly political and of its time, for this is the period of the enlightenment and les philosophes, of Voltaire and Rousseau, Tom Paine and the rights of man. The stoical civic virtues of ancient Rome were the model – *service before self, the rule of the* people, the state above all.

There follow his great works of those last years of the ancien régime: The Grief of Andromache (1783); The Oath of the Horatii (1784); and at last (1789) The Lictors returning to Brutus the bodies of his sons, whom he himself had condemned to death for treason. The presentation is magnificent, in a space screened and enclosed as though on stage. Brutus sits in deep shadow, as it were of his own making, the women spotlit in their grief. It is wonderful theatre, high-minded tragedy: and who could know how soon the ideal would be put to the test.

All the while the portraits continue, the smaller of them, such as Doctor Leroy and the two self-portraits, inviting direct comparison with Goya for their pyschological penetration. The large double portrait of David's friend, the financier Lavoisier who would die in the Terror, and his wife (1788), holds its own in formal terms against the great compositions alongside, and yet remains touchingly domestic.

So to the Revolution and those martyrs to the cause: Barra, naked boy-soldier of the Convention; and Marat, dead in his bath. But more intriguing are the portraits, now often unfinished as friendships broke up in political uncertainty, which is not to say they are incomplete. Indeed, to a modern eye they have an almost impressionist lightness of touch that only adds to their poignant delicacy – young Mme Trudaine, whose father, husband and brother-in-law were soon to be guillotined, and Mme Pastoret, so soon in prison.

But the Revolution now takes us to Versailles, where the sole fragment of what would have been David's largest work is permanently installed. The Tennis Court Oath, begun in 1791, exists in full only in the drawing, but a number of portrait studies of the principals were carried out, and many figure studies, to be seen here.But the drawing apart, with its fervent crowd swept by the wind of Liberty, it is the fragment that is remarkable. Filling the wall, it is *only the centre foreground of the projected composition*. The three central figures and the gesticulating figures to the right are lightly worked onto the blank canvas as classical, life-size, nude figures, except that four fully-realised portrait heads have been superimposed. It offers a fascinating if surreal insight into David's method of working from the neo-Classical ideal to the living particular. Was the naked Barra to be similarly dressed in paint, had it been completed?

Detail: portrait of Lavoisier and his wife by Jacques-Louis David

But Versailles also steps into a later age, with the second version of the huge Coronation of Josephine by Napoleon (begun in 1805 but finished in exile in 1822), and the equally huge Presentation of Eagles to the Imperial Army (1810). The first version of the Coronation is back at the Louvre, facing the last of David's major neo-Classical moralities, The Intervention of the Sabine Women (1799), and flanked by state portraits of Napoleon in his Imperial pomp. And so David, the Deputy of the Revolutionary Convention comes to *sit again at the feet of power, official* painter to an Emperor whose fall would take him, too, into lifelong exile. He died in Brussels in 1825.

Yet at last it is not David the politician and acolyte of power whom we celebrate, but the artist – the artist of portraits whose light touch and ever-active surface is to be found even in the great machines, in the shadows flicking across the flagstones at the feet of Brutus' wife. That intimate, painterly David is the property of the artist, not the art historian. David was a great teacher, with Gros, Gerard and Ingres all products of his studio. His pupils petitioned the Convention for his relese from the Luxembourg. Artists understand these things.

A late Tippett harvest

Max Loppert reviews the première of 'New Year' at the Cullen Theater, Houston

New Year is Michael Tippett's fifth opera. It was jointly commissioned by Houston Grand Opera, Glyndebourne, and the BBC; last Friday its first performance, in the smaller of the Houston company's two opera theatres, provided the peak point of the city's current British Opera Festival. (The co-production, by Peter Hall, will reach Sussex next summer.) The 84-year-old composer was in the audience for both the première and the deuxième (the Sunday matinee), each time receiving a standing ovation at final curtain.

New Year – three acts of opera-ballet, opera-oratorio, Baroque masque, and blues-musical all rolled into one – is a Tippett late-harvest. It is packed with joyful, entirely typical creative paradoxes: strikingly, sometimes disconcertingly complex in its dramaturgy and at the same time essentially simple in its preoccupations; New World in its absorption of styles and influences (American television drama, jazz, and black rap strong among them), yet still utterly English in the roots of its musical language (down to the fourths-and-fifths-based harmonies and Renaissance dance-rhythms); a late-20th-century futurist fantasy ("bright, eclectic, a bit zany," Hall has described it) that is also an uplifting piece of allegorical music-theatre.

The conception and execution could be by no-one else. That, of course, applies no less to the four previous Tippett operas. But this one – "my last opera," he (surely wrongly) calls it – gathers together threads and themes from its predecessors in a way that seems to sum up his gift to the 20th-century lyric theatre: that ability, unique in our day, to dream up theatre-works that bring music and the world we live in face to face – unflinchingly, exuberantly, and with a poet's knack of fusing images in notes and words that reveal the "inner life" of his characters and situations.

The first Tippett opera, *The Midsummer Marriage*, is a summer-solstice ritual; the fifth offers a kind of mirror-image – a midwinter vision, a New Year's Eve happening during which worlds collide and out of which the central character Jo Ann (soprano), draws wisdom, maturity and a new courage to live in a hostile world. The place is Somewhere Today, and more specifically Terror Town; in the foreground are the white Jo Ann and the black Donny (baritone), both of them orphans adopted (at different times) by the childless Nan (mezzo). The teenage boy is a creature of the streets, aggressive, delinquent, locked in fantasy; Jo Ann, now a young woman, hides in her small flat, a prisoner to fears of the urban squalor and despair beyond its confines.

Meanwhile, in Nowhere Tomorrow, a time and place in the future where sterile technology has triumphed, the scientist Merlin (baritone), the pilot Pelegrin (tenor), and the space-planner Regan (dramatic soprano) chart the forthcoming maiden voyage of their new spaceship. On the new computer Pelegrin chances upon images of the past, among them Jo Ann's terrorstruck face. On New Year's Eve (Act 2) he guides the vessel to land in the midst of Terror Town celebrations (as usual, turning violent) and meets his vision.

Despite Regan's furious protests he and Jo Ann fall in love; in Act 3 he transports her in the ship to a secret world of dreams, a paradise garden, where she confronts past trauma and future panic, is freed of inhibition, and learns to dance. After the spaceship leaves for the last time, Jo Ann opens her door to face the present.

Three acts of opera-ballet, opera-oratorio, Baroque masque and blues musical, rolled into one.

Even in so summary a telling, the classic Tippett hallmarks of the tale will be easily recognised: placing of character-name to fix symbolic role-function, free mesh of naturalism and abstraction, construction of modern myth out of the everyday and the ancient or timeless (the ritual climax of Act 2 is the crowd-singing of "Auld Lang Syne"). As in all of Tippett's previous librettos, the text draws on an extraordinary set of disparate literary influences – Rider Haggard, H.G.Wells, Samuel Butler, Angela Carter, phrases stored away from television documentaries and headlines, slang, and what have you.

It needs to be read, and then it needs to be *heard*: embarrassments of tone and diction fade, the magpie allusiveness gains dramatic vitality, and Tippett's dotty sense of humour sheds light and charm on every scene. More important, it is a text for music by a master of theatrical imagination. The score of *New Year* combines large-chamber forces and (pre-recorded) electronic ingredients: it has its own highly individual *tinta*, supplied by saxophones, vibraphone, electric bass-guitar, and masses of percussion.

The use of a single strand or amalgam of instruments to delineate character has the hard, spare focus of *King Priam*. Experienced Tippettians will also note the "cinematic" jump-cut and quick-fade techniques mastered in *The Knot Garden* and *The Ice Break*, the lambent, wide-spaced unisons of the huge oratorio of the 1980s, *The Mask of Time*, and, perhaps most gladly, the return of the *Midsummer Marriage* bel canto. Jo Ann's blue-tinted Dreamsong haunts all three acts, and her duets with Pelegrin blossom into glorious long-lined radiance.

New Year overflows with wonderful Tippett sounds, wonderful Tippett melodies unfolding their special dramatic enchantment. Above all it is a *real* opera: the drama grows out of, makes no sense without, the music. How hard it is to capture in words the peculiar excitement, the buoyancy, of the experience: after two Houston performances I retain certain doubts (on this evidence the acquisition of an amplified pop-singer as the all-important choric Voice Outside the Action is of doubtful benefit), yet already feel confident enough to pronounce the work a brave new world of opera that is the sum-total of all its creator's past worlds.

Catching the second performance was indeed good fortune. The first had been touch-and-go, sketchily played under the HGO music director John DeMain, and poorly balanced (the tricky Cullen Theater acoustics tend to damp down orchestral textures); the Hall production, in Alison Chitty's elaborately mechanised designs, was jerkily realised, and it was only during the Sunday matinee that musical flow and dramatic cohesiveness began to become a continuous reality. I thought the staging a mixture of the inspired, the predictable, and the downright clumsy (Jo Ann's room is a cramped box-on-trollies that inhibits necessary movement); the choreography, by Bill T. Jones, is energetic humdrum.

The visionary eloquence of Hall's *Knot Garden* production has not been revived. But Helen Field's Jo-Ann, sung with exquisite supple sweetness, finely acted, slowly blooming into a modern Pamina, and the Donny of the electrifying young Americo-Swede singer-dancer Krister St Hill are superlative achievements; Richetta Manager (Regan) and James Maddalena (Merlin) are confident and clear; and only Peter Kazaras (a stolid, white-voiced Pelegrin) gives any cause for serious disappointment.

Pittsburgh Symphony

FESTIVAL HALL

For American bands on intensive European tours, London is often the last stop on the way home, as it was for the Pittsburgh orchestra on Friday. Sometimes they arrive slightly hysterical with *exhaustion*, or *at any rate* jaded with the main showpiece which they have already delivered in a dozen other cities. No sign of that in the Pittsburgh's Mahler Seventh (sponsorship by Heinz): they sounded wholly alert to everything their conductor Lorin Maazel wanted of them, and their technical security was spotless. In short, they *dazzled*.

The Seventh Symphony is by a long way Mahler's oddest work, not least in its blatantly odd orchestral colours. Besides the mandolin, the guitar, the cowbells and the tenor horn which opens the piece like the Kraken waking, it has some of Mahler's most grotesque accompaniments – often parodistic, sometimes just whimsical. Every detail of those was executed with gleaming clarity (even at some cost to the tunes, as when the Pittsburgh horns whooped into the foreground and swallowed the violins). All the solos were turned with professional assurance; the first trumpet and oboe were especially striking, and the treacherous "solo" flights for the entire double-bass section were as smooth and clean as cellos could have made them.

Pittsburgh must, however, be among the least "European" of the major American bands and a tantalising result of that was the absence of anything remotely like Mahlerian irony. Everything was played very straight, without a hint of ironic nostalgia or purposeful *slumming*, nor indeed any *Schwung* (caricatured or otherwise): Vienna seemed *far* away and out of sight.

Maazel's account of the Seventh seemed a coolly detached aural analysis. His tempi were generally as inflexible as they were purposeful (and unromantically brisk for the Andante amoroso). Presumably in the interest of lucidity, the volume was usually turned up high – the central Scherzo, delivered with eerie brilliance, was far too loud for the prescribed "schattenhaft" frissons. And for once, Maazel declined to shape the progress of *any* movement: one striking thing followed another, and another, without a trace of cumulative drama – hard on the first movement, and crippling for the Rondo Finale, which needs all the help it can get.

One suspected that Maazel is as puzzled by the Seventh as the rest of us and had decided just to lay the data before us as brightly as possible. The effect was to suggest that between the Sixth and Eighth symphonies Mahler was desperate for ideas and that the Seventh really is a grab-bag of *louche* ones of no collective import; which may of course be true.

David Murray

Magyarok

BARBICAN HALL

As the idea of grouping concerts together into musical themes has proliferated, so its value has been debased. Only the most dramatic gesture can now be guaranteed to catch the *public imagination and for that* reason it seems unlikely that anything will come along this autumn to rival "Magyarok," the festival of Hungarian arts that started last week and has its centre at the Barbican.

It has on its side both size (not content with Liszt and Bartók, Ligeti and Kurtág, it drags in almost any piece with a Hungarian connection) and topicality. It was a stroke of good fortune that brought Imre Pozsgay, the country's reforming leader, to London for the opening of the festival barely days after the celebrations at which Hungary formally ushered in a new political era.

From that eminent start the festival seems to have taken off. At the weekend the Barbican foyers were crammed with people sitting cross-legged on the floor for the free folk music events, though the second of the evening concerts was not as well attended as it should have been – a surprise, as one expects that Simon Rattle and the City of Birmingham Symphony Orchestra will get a full house wherever they go.

Still, at least on Saturday they had a near-capacity audience, whom they rewarded with a fine account of Liszt's infrequently-heard *Faust Symphony*. *This is a rewarding but* problematical work and it says much for Rattle's commitment to it that the performance carried the listener along with fewer pauses for doubt that can sometimes be the case. The *work's span was excellently* judged, its train of thought convincingly held.

If any reservations are to be made, they are that detail was sometimes sacrificed in the overall sweep. Rattle is fond of letting the orchestra have its head and balance was not always ideal, especially in the finale, where the brass covered up a lot of important activity going on elsewhere. But this was an involving and impassioned performance nonetheless, adequately crowned by the tenor Patrick Power and the men of the CBSO Chorus in the final chorale.

The second programme was devoted entirely to Bartók – the complete ballet scores to *The Wooden Prince* and *The Miraculous Mandarin*. It is a matter of some regret to me that I never heard Antal Dorati conduct these pieces in his prime, since his style of conducting Bartók was so clearly suited to them: clarity, tidy ensemble, clean rhythms, a keen ear for sound, achieving far more in sum than the showy bombast of some other conductors.

Not Rattle, one hastens to add, for his projection of the music is too dramatic and pictorially alive to be dismissed as mere orchestral showmanship. Perhaps there were times when the complex textures of *The Wooden Prince* might have been sorted with a more analytical care for detail, but the whole score was undeniably *steeped in atmosphere*; while *The Miraculous Mandarin* received a superb performance, stifling in its air of menace, brutal in its violence. What a marvellous piece this is, by far the more economically written.

There was only one non-Hungarian item in the two evenings. Heinz Holliger gave a mercurial performance of Strauss's Oboe Concerto, a light-weight *hors d'oeuvre* before Liszt's Faustian goulash. Even he, though, could not resist an appropriate encore in Dorati's delightful "Cricket and the Ant" for oboe solo – an apt tribute to an eminent Hungarian who would certainly have taken part in the festival if he had still been with us.

Richard Fairman

Guitars at RFH

Spanish guitarist Paco de Lucia returns to London for a concert at the Royal Festival Hall on November 13. With him will be Jose Sanchez and Juan Canizares. On November 28, at the same venue, guitarist John McLaughlin will play with Indian percussionist Trilok Gurtu and African-German bassist Kai Eckhardt-Karpeh.

Rostropovich

BARBICAN HALL

At 62, Mstislav Rostropovich thinks nothing of playing three cello concertos on the same evening. Last Friday night at Barbican Hall his concert with the London Symphony Orchestra, conducted by Kent Nagano, comprised the rarely heard first concerto by Milhaud (Op.136), Alun Hoddinott's *Noctis Equi*: Scena for Cello and Orchestra, receiving its première, and Dvorak's familiar masterpiece.

The Hoddinott work was commissioned by the orchestra as a gesture on his 60th birthday; but a sense of occasion was inevitably created by the Russian cellist's presence rather than the Welsh composer's achievement. Goodness, Rostropovich only has to play a single concerto, or a single bar, to guarantee an occasion!

One might inhospitably assume, therefore, that the beautiful impression made by *Noctis Equi* had more than a little to do with the cellist's contribution. Yet the work undoubtedly has its own virtues. A single movement taking its emotional bearings from a line of Ovid as quoted by Doctor Faustus in Christopher Marlowe's play – "O lente, lente, currite noctis equi" (O slowly, slowly run, ye horses of night) – it spins a web of nocturnal enchantment by means of accomplished craftsmanship. The structure is shapely; the discourse embraces long-breathed lyricism and will o' the wisp scherzi; rustling and chiming percussion on the music's surface are complemented by introspective cadenzas for the soloist.

If one suspected at times that for this composer fluency is all, there was at least the absolute magic of the last bars with their quiet, curious, all-too-brief undulation of flutes to give one cause.

The performance was impressively well-balanced by Nagano, and Rostropovich's playing was indistinguishably thoughtful and seductive.

The light-hearted, facetious concerto by Milhaud has been a great pleasure, and Rostropovich's account of the Dvorak concerto was predictably towering.

His sound is addictively lovely, yet he does not exploit the fact. He continually searches for, and finds, a phraseology beyond the conventionally beautiful. The plangent melody which recurs at the work's end he gave with the sharp-edgedness of a Hebrew cantillation. Delicacy, discovery and emotional comprehensiveness were the key-words of this interpretation.

Paul Driver

ARTS GUIDE

October 27-November 2

OPERA AND BALLET

London

Royal Opera, Covent Garden. The latest revival of the 1975 *Peter Grimes* brings a promising cast of newcomers and Roger Norrington as conductor. *Die Walküre*, in the production by Götz Friedrich adapted from his Berlin staging, is distinguished by Bernard Haitink's conducting and the vocally unsurpassable Wotan of James Morris.

English National Opera, Coliseum. Kurt Weill's marvellous Broadway opera *Street Scene* comes to London after being shown by Scottish Opera earlier in the year. David Pountney's production, designed by Carl Fielding, is conducted by Carl Davis. Further performances of the surreal, vividly theatrical production of Verdi's *A Masked Ball*, by producer David Alden, designer David Fielding and conductor Mark Elder; and of the funny, musically delightful *The Magic Flute*.

Paris

Opéra. Jiri Kylian opens the Paris Opéra season with *Tanz-Schul* to Mauricio Kagel's music and *Sinfonietta* to Janacek's music accompanied by the Paris Opéra Orchestra conducted by Arturo Tamayo (47425371).

Amsterdam

Muziektheater. The Netherlands Opera with *Ariane et Barbe-Bleu*, by Paul Dukas, directed by Philippe Sireuil, with the Netherlands Philharmonic conducted by Henry Lewis. Kathryn Harries and Roger Soyer in the title roles (Thur) (255 455).

Vienna

Staatsoper. Kabuki-Theatre from Tokyo.

Volksoper. Programme includes: *Das Land des Lächelns*, *Die Zirkusprinzessin*, *Fanny Elssler*, *Frau und Mythos*, a ballet by Susanne Kirnbauer, *Die Csardasfürstin*, *Wiener Blut* and *Der Opernball*.

Berlin

Opera. *Rigoletto* in Hans Neuenfels' production features Gwendolyn Bradley, Jennifer Casey Cabot, John Sandor, Georg Fortune, Gerd Feldhoff and Viktor von Halem. *Zar und Zimmermann* will be conducted by Hans Hilsdorf. *Die lustigen Weiber von Windsor* is sung by Ulrike Sonntag, Kaja Borris, Gudrun Sieber, Guenter von Kannen, Barry McDaniel and Rolf Kuehne. *La Bohème* has Eva Johansson making her debut as Mimi. *Madama Butterfly* with Keiko Kamegawa, Marcia Bellamy, Walton Groenroos, is conducted by Stefan Soltesz.

Hamburg

Opera. *Hänsel und Gretel* returns with Hellen Kwon and Hildegard Hartwig in the main roles. *Die Hochzeit des Figaro* is conducted by Bernhard Klee.

Frankfurt

Opera. *Rigoletto* returns with Keith Lewis in the title role for the first time. The new production of *La Finta Giardiniera* by Robert Carsen is well sung by Werner Hollweg, Pia-Marie Nilsson, Margaret Marshall, and is conducted by Gary Bertini.

Cologne

Opera. The first co-operation between the Düsseldorf Opera and Cologne Opera will be the new Wagner cycle produced by Kurt Horres. The premiere of *Das Rheingold*, conducted by Hans Wallat has a strong cast.

Munich

Opera. *Der Widerspänstigen Zähmung* is a ballet with John Cranko choreography. *Adriana Lecouvreur* is sung by by Margaret Price, Bruna Baglioni, Alberto Cupido and Claes H. Ahnsjoe. *Elektra* stars Christa Ludwig, Hildegard Behrens, Sabine Hass, Hans Günter Nöcker and will be conducted by Ferdinand Leitner. The successful Nicolaus Lehnhoff *Ring* production returns.

Milan

Teatro Alla Scala. The Tokyo Ballet on a five-day stay in Milanstarting Wed. *La Sylphide* has choreography by Pierre Lacotte (80.91.26).

Venice

Teatro la Fenice. Raina Kabaivanska sings the title role in Puccini's *Madame Butterfly* in Stefano Vizioli's production, designed by Aldo Rossi and conducted by Daniel Oren (5210161).

New York

Metropolitan Opera. Julius Rudel conducts *Il Barbiere di Siviglia* in its first seasonal performance with Marilyn Horne, Stanford Olsen and Gino Quilico in Sonje Frisell's production. The week also includes Franco Zeffirelli's new production of *La Traviata* featuring Edita Gruberova and Neil Shicoff, conducted by Carlos Kleiber. Opera House Lincoln Center (362 6000).

Chicago

Lyric Opera. Placido Domingo sings Samson and Agnes Baltsa sings Dalila in Nicholas Joel's production of Saint-Saëns' opera conducted by Bruno Bartoletti. Jiri Kout conducts *Der Rosenkavalier* with Anna Tomowa-Sintow, Kathleen Battle and Julian Patrick (332 2244).

Washington

Washington Opera. *Lucia di Lammermoor* with Ruth Ann Swenson in the title role and Jerry Hadley as Edgardo in Roman Terleckyi's production opens the season that will also include the company's first production of *Aida* as well as *Die Fledermaus*, *The Merry Wives of Windsor* and *The Aspen Papers*.

Tokyo

Vienna State Opera. *Viaggio in Reims* by Rossini, conducted by Claudio Abbado, with Cecilia Gasdia, Lucia Valentini-Terrani, Ruggero Raimondi (Tues, Thur) Tokyo Bunka Kaikan (725 8888). *Carmen*. The spectacular arena production from London plays at the National Sports Stadium. With Maria Ewing and Jose Carreras singing some of the performances, Jacques Delacote conducts (ends Thur) (5990 9999).

SALEROOM

Cheap Chinese exports

A massive pair of blue and white beinster vases, 132 cm high, the "property of a gentleman," sold for £37,400 at Christie's auction of Chinese export porcelain yesterday. A famille rose part dinner service of 41 pieces, 18th century Qianlong, made £28,600 while the London dealer Spink paid £20,900 for a rare Ming red and gilt black lacquer cabinet of around 1700, "property of a lady of title."

These days all the excitement in Chinese works of art comes from the Chinese collectors of Hong Kong, Taiwan and Singapore competing for blue and white Ming, later Ching and jade. The objects made for export to the West still only appeal to Western taste and seem cheap in comparison.

The collection of jewels, Old Masters and pre-Columbian gold of the late Count and Countess Guy du Boisrouvray was sold by Sotheby's in New York for $51.6m (£32.6m). The money will go to commemorate the life of their grandson François-Xavier Bagnoud, and among the first projects will be a new aerospace building at the University of Michigan.

After the jewels, the high spot was a pair of Venetian views by Guardi which sold for £2.8m, an auction record for the artist. A later view of Venice by Boudin fetched £962,500, a record for Boudin. All the pre-Columbian gold found buyers, and the sale total was twice the high estimate, suggesting an important new collecting market. The top price of almost £60,000 was paid by a private American collector for a gold duck effigy from the Ayabaca region, made around 300 AD.

Antony Thorncroft

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Bridging the skills gap

AFTER A DECADE of rhetoric about the need to improve education and training, Britain still lags far behind most of the developed world. As other countries edge closer to the goal of universal education up to the age of 18, nearly two thirds of young people in the UK still abandon full-time study at 16.

Moreover the training received by the bulk of school leavers falls far short of the standards set in countries such as West Germany, France and Japan. In particular, the proportion of young people gaining high level vocational qualifications remains much lower than elsewhere despite initiatives such as the Youth Training Scheme.

The Confederation of British Industry yesterday outlined fresh proposals for tackling these problems. It wants the Government to create a "training market" by giving all 16-year-olds vouchers worth about £1,000 to spend on vocational (or academic) courses of their choice. The employers' contribution would be to provide jobs at market wages and give young people time off in which to study. The training market would be regulated by the new business-led Training and Enterprise Councils (TECs), which would also take responsibility for counselling and career advice. The vouchers would be financed, in part at least, by the phasing out of YTS subsidies.

The CBI's recognition of the urgent need to improve education and training is welcome. Its scheme would almost certainly lead to an improvement in the average skill levels of young people. But whether it represents the best way forward for Britain is less clear.

The assumption behind the CBI report seems to be that, for the foreseeable future, large numbers of young people will leave school at 16. *The question*, therefore, is how to ensure that they receive a basic level of vocational training. Employers, having ducked their training responsibilities for decades, cannot be relied upon to offer rigorous apprenticeships. A solution is thus sought in handing purchasing power to employees and asking only that employers co-operate by giving time off for study.

Will such a strategy work? Demographic trends are certainly not going to help. The number of people aged 16 to 19 will fall by about a quarter between 1988 and 1994. Youth wages could rise substantially. Many employers may be reluctant to release young people for courses that do not serve the short-term interests of their companies. Equally, young people who are already earning good money may see little point in exercising their theoretical right to vocational education.

Training vouchers are surely a red herring: responsibility for training cannot be devolved to 16-year-olds. At some point, Britain must choose between the West German model of integrated apprenticeships, in which individual companies take responsibility for the high quality training of their own young employees, and the school- or college-based vocational education favoured in Sweden and Japan. *On balance*, the school-based approach looks more appropriate in Britain. Sceptics should note that France, while admiring West German industry, has decided not to emulate its apprenticeship system. It is aiming instead to increase to 80 per cent or more the proportion of 16 to 19-year-olds that stay in full-time education.

In the long run, this would seem an appropriate goal for Britain. It would require a big expansion in rigorous vocational courses, but responsibility for their development would lie with education authorities rather than TECs or companies. In Whitehall terms, it would require a long-overdue shift in responsibilities from the Department of Employment to the Department of Education and Science. A shift of philosophy is also required: instead of offering employees part-time training we should be offering students part-time industrial experience. Most 16 to 19-year-olds should be concentrating on learning, not on earning a living.

Bigger is not always better

MOST BOARDS of directors want their companies to get bigger. They also tend to exaggerate their ability to manage a variety of different businesses. Unless they are extraordinarily successful, these diversified groups lay themselves open to attack from predators who claim that by "unbundling" the assets they will create better value for shareholders. In this context it is refreshing to see yesterday's decision by Courtaulds – which is not facing the threat of takeover – to split itself into two separate companies, one concentrating on textiles and apparel, the other on fibres and chemicals. These two businesses, the company argues, will flourish better if they are run by single-minded management.

Experience over the past thirty years suggests that, while some conglomerates are well run and profitable, diversification is difficult to manage and specialisation is a source of strength. The move by Courtaulds to create two smaller and more specialised companies out of one large, diverse one sends a signal which should be heeded by the rest of British industry.

The message for Mr Gonzalez

THE RE-ELECTION of Mr Felipe Gonzalez and his Socialist Party to a third term on the slimmest of absolute majorities in Sunday's general election should give satisfaction to almost everyone in Spain as well as the country's European Community partners. The result provides stable government during the crucial next three years which will determine whether or not Spain can fulfil its side of the bargain to be a full EC member. The renewed strength of the opposition parties on the left and right should sharpen political debate and make the Government more accountable.

Mr Gonzalez scraped home with an absolute majority of only one in the 350-seat parliament. Nevertheless, his risk in calling early elections has paid off. If he had waited until next year, he would have been handicapped by the consequences of draconian credit curbs introduced early this summer combined with measures he will be obliged to take this autumn to dampen the overheated economy. He has gained breathing space to conduct his anti-inflationary policy.

The principal new phenomenon has been the performance of the Communist-led coalition, the United Left, which doubled its share of the poll to 9 per cent. Rather than a swing to the left, this is a realignment within the left, pushing the Socialists perhaps permanently into the centre as a party of social democrats. This realignment was first formalised by last December's general strike which saw the Socialists in the trade union movement repudiating their own party in power. The United Left's new votes come from these disgruntled Socialists protesting against Mr Gonzalez's embrace of market economics at the expense of the working class. Union discontent will now have a stronger voice in parliament.

On the right, the Popular Party has demonstrated a solid core of support that enables it to remain the second largest party in parliament with 106 seats. The party has been divided and demoralised by a serious leadership crisis, and this performance under the youthful leadership of Jose Maria Aznar should create a new sense of purpose. However, it is hard to see this party mounting a serious challenge to the hegemony of the Socialists without forging some form of binding alliance with the conservative-minded regional parties. The strength of the regional parties, especially in the Basque Country and Catalonia, is a unique feature of democratic Spain and militates against a national two-party system.

Unquestionably, Mr Gonzalez is the best leader available. Indeed, the election was not really about who governs Spain but how it is governed. The message from many voters is that he and his party have become too arrogant in power and that more of Spain's new-found prosperity should filter further down the social ladder.

Alice Rawsthorn and Peter Marsh explain the reshaped Courtaulds

Two hope to thrive better than one

Lord Kearton had a dream. As chairman of Courtaulds in the 1960s and early 1970s he turned the collection of fibre and textile businesses he had inherited into a vast, vertically integrated industrial group.

Kearton dreamed of creating a company which would encompass every area of textile production from producing wood pulp for viscose fibre in the forests of South Africa, to sewing garments in the clothing factories of the Midlands. He flung up fibre factories in Northern Ireland and bought cotton mills across the north of England. He also steered Courtaulds into new areas of chemicals.

The dream is over. Sir Christopher Hogg, Courtaulds's chairman in the 1980s, has devoted himself to developing one part of Kearton's creation, the chemicals companies, and to streamlining and rationalising the other, the verticalised textile business. Yesterday he began the final part of that process by announcing that Courtaulds intends to split its interests into two independent companies: one involved in chemicals, the other in textiles.

Courtaulds proposes to spin-off its textile division into an independent company with its own board of directors and stock market quotation. Courtaulds Textiles will be one of the biggest textile groups in Europe with interests in spinning, weaving and garments. It will employ 31,000 people and, last year, made operating profits of £50m on sales of £980m.

The "new Courtaulds", as Sir Christopher calls it, will encompass the group's interests in fibres, films, coatings, packaging and speciality materials. It will have a workforce of 22,000 and made profits of £142m on sales of £1.75bn last year.

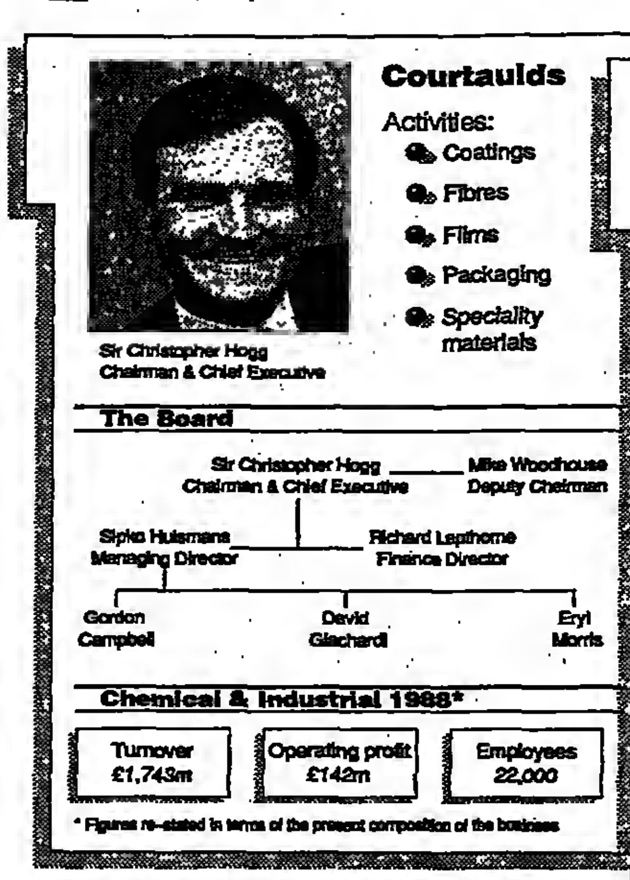
The rationale for the demerger sounds simple. The two companies, says Sir Christopher, are driven by completely different disciplines. Chemicals is dominated by technology and textiles by fashion. Chemicals is international in emphasis, with industrial customers. Textiles is a UK business dealing with retailers.

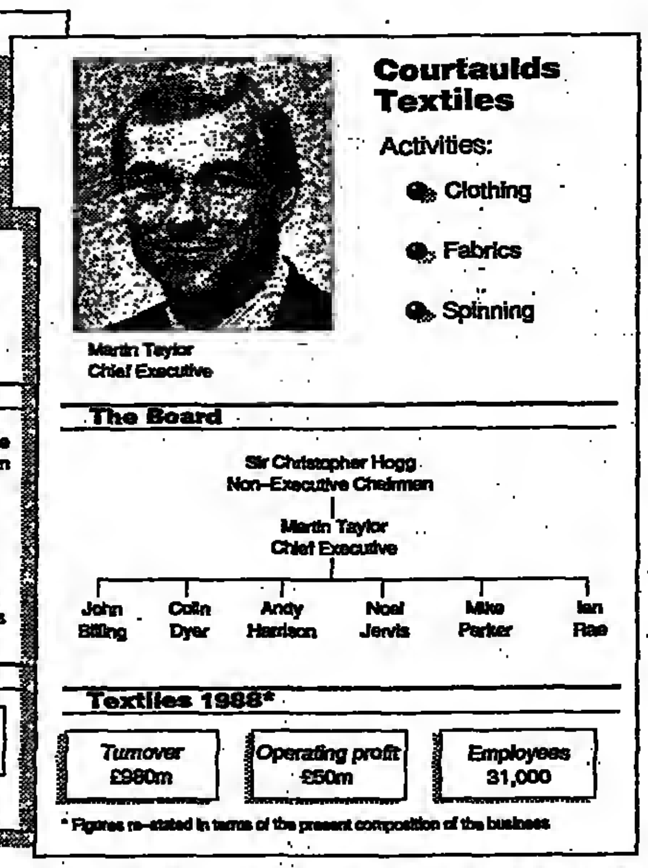
So far, he says, senior management has wasted effort and energy by grappling with these very different disciplines. He cites the two most recent acquisitions as an example of the incompatibility of the two companies. The Courtaulds' board moved from weighing the merits and demerits of buying Products Research and Chemical Corporation, a California company producing high performance sealants, to those of George Rech, a Paris fashion house. The creation of two independent companies, so the theory goes, will ensure that each has the advantage of clearer definition and a committed senior management team.

The two companies are driven by completely different disciplines: technology and fashion, Sir Christopher explains

Courtaulds first considered the feasibility of spinning off its textile division four years ago, when it had hauled itself back to recovery after the traumas of the recession in the late 1970s and early 1980s.

The group had withdrawn from commodity areas of textiles, where it was uncompetitive, to concentrate on value-added areas of activity with higher growth potential. It had returned to stability but the restructuring of its textile business was far from completed and its chemical interests were too immature, in some sectors, to justify creating two independent companies.





Eighteen months ago the Courtaulds board decided, in principle, to go ahead with the demerger. The timing was still not quite right. Courtaulds still needed to strengthen its chemical interests. Moreover Mr Kerry Packer, the Australian financier, had just acquired a significant stake – since sold. There was a danger that the completion of the group's restructuring would be seen as a cheap defensive ploy.

Courtaulds has since restructured its interests. It has sold its South African and Swazi woodpulp interests and has expanded its presence in speciality chemicals, chiefly in the US.

The timing of the demerger is far from ideal. In the last year or so Courtaulds has suffered a severe slowdown in two important areas: in acrylic fibre, which is the biggest single product sector in the new Courtaulds; and in UK textiles, which has been hit by higher imports and sluggish consumer spending.

Pre-tax profits fell from £221m to £197m in the last full financial year (to March 31). Acrylic fibres are still in the throes of a cyclical slowdown and textiles are as competitive as ever. Ms Rosemary Banyard, an analyst with James Capel, the London stockbroker, expects the group to announce a further fall in interim profits from £98m to £85m when first half results are published next month.

But Sir Christopher says Courtaulds is now "managerially" ready for the demerger. The textiles division has been run as an independent entity since 1985 and its senior management is in place. He maintains that, despite the competitive climate, it is in the long-term interests of both companies that the demerger should go ahead.

Sir Christopher argues that shareholders will get a better deal in that the two new companies are likely to be valued more highly than the old group. The analysts agree. The consensus is that the chemicals company will be on a price earnings ratio of 11 and textiles on 9¼. This compares to a ratio of under 10 for the "old" Courtaulds. The critical question is whether the two companies really will be better off as independent entities.

The textile company has won its independence in very competitive conditions. Courtaulds, which was swift to react to the slump in UK textiles, has been more resilient than most of its competitors. *The fall in the value* of the pound should alleviate the pressure from imports, but the recent rise in interest rates may depress demand. *Mr Martin Taylor, who will run Cour*taulds Textiles as chief executive, does not expect conditions to improve in the foreseeable future.

Given that the textile company has been run independently since the mid-1980s – it has been expected to finance all acquisitions, for example – Mr Taylor is convinced that there will be little change in a strategic or operational sense. He plans to continue the process of rationalising less competitive areas and building up international interests in value-added areas.

The demerger is, however, expected to make a difference in that it may raise the morale within the textile company which has, hitherto, been seen as the least dynamic part of the larger group.

The implications for the "new Courtaulds", the chemicals companies, may be more dramatic. The new Courtaulds will sit in a sector of the inter*national chemicals industry that* is difficult to define. It encompasses a number of fast-growing, high-value businesses together with others where prospects are less than bright.

The group's products will be based around four areas – fibres and films, paints and other coatings, packaging and speciality materials such as composites.

The range of products and their apparent lack of focus has led to pessimism by some industry observers about the chances of success of the restructured company as it attempts to stand alone as an out-and-out chemicals group.

This point is underlined by the smallness of the restructured group, with annual sales slightly under £2bn, in comparison with the giants of the chemicals sector. They include Bayer, Hoechst and BASF of West Germany, the US's Du Pont, Switzerland's Ciba-Geigy and Imperial Chemical Industries of Britain. Some feel that such large companies, with their depth of resources, may provide extremely tough competition for the new Courtaulds.

The product mix of the new group is "a bit of a mish-mash", according to Mr Charles Brown, a chemicals analyst at the London office of Goldman *Sachs, the US bank. Mr Brown adds:* "What you have is not necessarily the portfolio of products you would want if you started afresh."

Mr Sipko Huismans, who is to take over as managing director of the restructured group, says Courtaulds has a "fundamental commitment" to the four key businesses which remain in the group.

The Dutch-born Mr Huismans, who is currently Courtaulds director with responsibility for the company's chemicals activities, says, however, that parts of the product mix may well change over the next few years. "There may well be some activities that do not fit and which we will need to dispose of."

Mr Huismans says that only about a quarter of the sales of the new Cour*taulds will be in the area of bulk* chemical products where margins are relatively low and demand likely to be affected by the ups and downs in the international economic cycle. The rest, he says, will encompass so-called speciality products which are sold more to consumer customers rather than those in the industrial sphere. Margins on these products are relatively high and demand patterns to some degree insulated from cyclical factors.

The speciality side of the business, says Mr Huismans, is also strongly geared to international markets, a point that should reduce the group's exposure to any future UK recession. Britain will account for only about a fifth of sales of the restructured Courtaulds, a much lower proportion than for the textiles part of the group. The rest of the sales will be mainly in the rest of Europe and in the US.

As for the product mix, the four main areas are:

- Fibres and films, with annual sales of £900m, covering a variety of products, some of which (including acrylic fibres) are thought of as mature and offering little in the way of growth prospects. This part of the company's business also includes soma specialist intermediate products for drugs and pesticides which are relatively high value.
- Coatings account for sales of £600m. Only about a quarter of revenues come from paints for buildings, with the do-it-yourself segment accounting for only a small proportion of this. Courtaulds is much stronger, in contrast, in the more specialist parts of the paint industry, such as marine coatings and lacquer-based coverings for cans used in packaging.
- *Packaging materials*, with sales of £220m, are based around a strong position in composite polyethylene/aluminium materials for use in toothpaste tubes and similar consumer goods. It is number two to Pechiney, the big French aluminium producer, in these areas in both the US and Europe. It is also involved in the less specialised area of polyethylene and polypropylene film; products which might be hit by any widespread economic downturn.
- Speciality materials also have sales of some £220m. They include products like high-strength plastics composites for use in industries like aerospace, industrial sealants and adhesives and radiation-reflecting window films for conserving energy. Such areas have high growth rates of 10 per cent-20 per cent a year but also involve high costs, both in terms of research and development and marketing.

*In the short term, says Mr Huis*mans, Courtaulds will compete mainly with the divisions of the large chemical groups, which are involved in similar product areas to the UK company. But in the longer term, some analysts believe, the restructured group could well be a takeover target for some of the larger chemicals companies – many of which are keen to expand in the same sort of areas as Courtaulds. "If I were Hoechst or Bayer or even ICI I would be looking closely as Courtaulds now they have got rid of their-less-than attractive textile interests," says one analyst.

The giants, with their depth of resources, may provide extremely tough competition for the new Courtaulds

Sir Christopher, unsurprisingly, is much more optimistic. He prefers to perceive the creation of the two new companies as "a natural evolution" of the Courtaulds restructuring throughout the 1980s in which the chemical and textile companies have pursued their own very different paths.

OBSERVER

Is Howe a Butler?

■ There was a man called R A Butler who was often said to have been the best Prime Minister we never had. He might just have succeeded Churchill in 1955, had a much better chance of succeeding Eden in 1957 and could almost certainly have succeeded Macmillan in 1963, if only he had come forward and declared himself. When he did not, some people concluded that he did not have the stomach for the fight and, late in life, Rab came to the same conclusion himself.

Memories of Butler must be passing through the mind of Sir Geoffrey Howe now. At what stage do you start to push for the leadership if the office does not fall into your lap and you know that time is running out if you delay much longer?

Certainly the next few weeks look like Howe's best, and perhaps last, chance. The Prime Minister, and one says this in this column not only with hindsight, should have resigned some months ago. She would have gone then at the height of her powers. Instead she became like President de Gaulle in France, who stayed too long and went ingloriously in the end.

Yet the longer she stays, the closer it comes to a general election and therefore arguably too late for a leadership contest. There is almost no foreseeable good news on the horizon for the present Government: the short-to-medium-term economic indicators are all pointing the wrongish way. Thus the unrest in the Party must be expected to continue.

If there were a change in the leadership in the next few weeks, the Party might have time to recover, put on a new face and present a fresh challenge to Neil Kinnock well before the election. At present, Kinnock has to do nothing very much except to keep his own troops in order and wait for the fruit to fall. That is largely why the Labour Party has climbed so high in the opinion polls. A consensual Prime Minister Howe would be a harder target.

But how would Howe do it? Would he go to the Prime Minister, ask her intentions and declare his readiness to challenge her if she does not stand down? What if he was obliged to challenge her if she did not stand down? And how many other candidates would join in if there were a leadership contest? Michael Heseltine certainly; probably quite a few others.

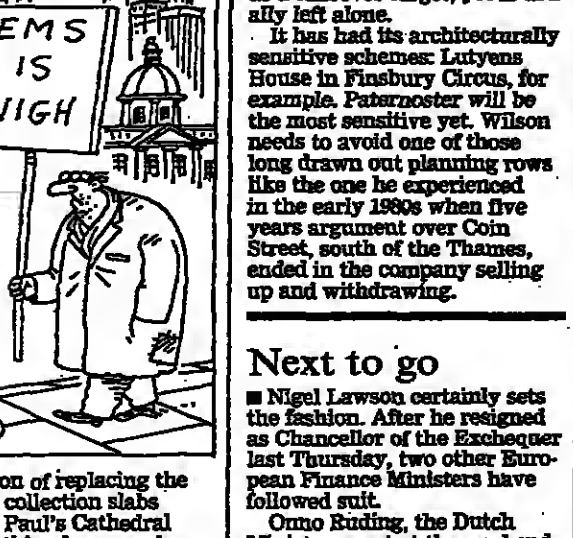
The present Tory system of electing a leader was devised by Lord Home in order to prevent someone emerging by "the customary processes of consultation" in the way that Home rather than Butler emerged as the successor to Macmillan. It can run to three ballots and the outcome is unpredictable.

It has already claimed a major casualty. The now Viscount Whitelaw failed to stand in the first ballot when Margaret Thatcher challenged Edward Heath because he thought Heath would win and was anyway loyal to his old master. He entered the second ballot, but by then it was too late to prevent Thatcher's coup.

The question for Howe is whether he wants to be a Butler, a Whitelaw or something more. One's guess is that he will agitate, but not quite make the leap. Do not think, however, that these matters are not on the Tory mind.

Near St Paul's

■ Geoffrey Wilson, whether he likes it or not, is now in the eye of Prince Charles. The nation's architect-in-chief will be watching very closely to see how Wilson approaches



the question of replacing the 1960s rent collection slabs around St Paul's Cathedral with something less angular, more harmonious with Wren's architecture.

That is now Wilson's problem. Greycoat, his company, and Park Tower Realty are paying £160m to wrest the slabs at Paternoster Square from Venezuelan hands. This is a development site, said Wilson. "I believe there is now a broad consensus and our approach will be a welcome one."

The consensus is for low density development and buildings of a human scale; the architectural masterpiece is there in the shape of the Cathedral, the problem is to provide the setting for it. "I hope I'm a consensus man and sensitive to other people's concerns in a positive way," *said Wilson.*

Wilson is affable and courteous when approached, but does not court publicity. He is the discreet tycoon, miles apart from the fast cars-slick talking-snappy dressing-image of property developers.

Greycoat reflects his personality. It is a £370m company, highly regarded in the City and not quite as subject to the swings of fashion that affect the likes of Mountleigh, Rosehaugh and Stanhope. It does big property schemes, but not the biggest. It is often cited as a takeover target, yet is usually left alone.

It has had its architecturally sensitive schemes: Lutyens House in Finsbury Circus, for example. *Paternoster will be* the most sensitive yet. Wilson needs to avoid one of those long drawn out planning rows like the one he experienced in the early 1980s when five years argument over Coin Street, south of the Thames, ended in the company selling up and withdrawing.

Next to go

■ Nigel Lawson certainly sets the fashion. After he resigned as Chancellor of the Exchequer last Thursday, two other European Finance Ministers have followed suit.

Onno Ruding, the Dutch Minister, went at the weekend. Palle Simonsen, his Danish counterpart, went yesterday. Ruding is probably the most Thatcherite of the lot. At 50 he still has hopes of becoming the next Managing Director of the IMF, a post for which he has already been a candidate.

Unlike Lawson, Simonsen already has a job to go to. He will become head of Denmark's Supplementary Labour Market Pension Fund. He had been Finance Minister for almost exactly the same time as Lawson had been Chancellor: five-and-a-half years.

Slav influence

■ *Perhaps German bankers* still have something to learn, after all. A reader has sent us a copy of a cheque from the Bayerische Vereinsbank, signed by two persons and checked by a third. It is made out to his American address and his state is spelled "Pencilvenja".

LETTERS

Part of the electricity flotation deal could unravel

From Mr Rhodri Morgan MP.

Sir, The new Secretary of State for Energy, John Wakeham, has been proud to announce that he has secured a deal with both sides of the electricity supply industry which will enable the flotation of the area boards to go ahead in a year's time, with only the minimum six months delay, and for the generating boards to follow in 1991.

Although the main provisions of the "deal" have the effect of confining the ability of the two new generating companies, National Power and PowerGen, to bid for direct sales to the area boards' customers to a maximum of 15 per cent of the megawattage in any one area board area, there are strong reasons for questioning whether it will achieve its objective.

That objective is the strengthening of the saleability of the area boards in the more industrial regions of England and Wales – which were seen by the financial community in the City of London as far too vulnerable to "cherry-picking" by the generating companies to be attractive prospects for privatisation. There is reason to believe, however, that the whole deal is impractical, and that, under pressure from the customers and the regulatory bodies, it will unravel before John Wakeham's very eyes.

How would a 15 per cent maximum limit for direct sales by the two generating companies actually work in a typical industrial region like South Wales? If British Steel wanted to do a direct purchase of electricity from National Power, it would bust the 15 per cent limit straight away. Its six plants in South Wales take 30 per cent of the capacity of the South Wales Electricity Board.

If National Power does sell electricity on a direct basis to British Steel, it would cut out the other two steel companies operating in South Wales. What would happen if Allied Steel and Wire or Alphasteel complained to the EC Competition Directorate about discriminatory treatment? The director general of electricity supply would then be called upon to permit an exemption to the other two steel companies to permit direct sales to them as well. *Ergo*, South Wales Electricity would still lose over 40 per cent of its total market – the precise fear which led to the 15 per cent direct sales limit in the first place.

This is without considering the other likely causes of the unravelling of Mr Wakeham's deal: the incentive for large industries such as ICI to generate electricity for themselves, as a way of avoiding the "nuclear levy," where the likely impact – particularly that arising from soaring decommissioning costs of National Power's inherited nuclear dinosaurs – looks more frightening by the week. British Coal may well also be driving a further wedge into the markets of the industrial area boards, through "toll processing" – that is, selling marginal tonnages of cheaply priced coal direct to the customer, but transformed into cheap bulk electricity by National Power or PowerGen.

These are all likely outcomes of the realities of the electricity industry, in the north and west of the UK, which are certain to give food for thought to potential private investors and their professional advisers – however much the Government tries to orchestrate the stockbroking community into singing the same comforting "Area Boards are as Safe as Houses" song.

Rhodri Morgan,
House of Commons, SW1

Exchange rate uncertainty

From Mr John I. Edwards.

Sir, The Treasury has determined that the UK current account deficit in September fell to £1.64bn (FT, October 25).

In the real world of industry, my company is almost wholly concerned with manufacturing and exporting electronic instruments. Payment for these may be on open account or by letter of credit (sight, 30 days, or longer) and may be in sterling or the customer's own currency.

In addition to this, commissions or other expenses, due to overseas agents, may take a variety of forms. While I have a general idea of the likely net sterling process of last months' exports, I certainly do not know this figure to better than *plus or minus 5 per cent at this moment*. I imagine that a similar situation prevails in most other companies engaged in exports and imports.

It might be argued that these uncertainties cancel each other out in the national aggregate figures. But it seems equally likely that, in periods of exchange rate movement, the errors may tend to accumulate in one direction or the other.

The "balance" figure is the difference between two very large numbers, and amounts to about 20 per cent of the import figure. If the arrors in the totals of both exports and imports amount to, say, plus or minus 2 per cent, the error in the "balance" could well be plus or minus 20 per cent.

In this situation the Treasury might truthfully say: "There is an 80 per cent probability that the current account deficit for September was between £1.3bn and £2bn." Since the figure for August might have been "between £1.6bn and £2.4bn," we would not even know for certain whether the deficit had increased or decreased.

This uncertainty may be uncomfortable, but is surely *better than the spurious accuracy* of a single figure with two decimal places. There may indeed be some advantages in frankly admitting that we do not and cannot know precisely what the current account balance for any month was until many months later.

John I. Edwards,
Dynalog Electronics,
25 Somerset Street,
Kingsdown,
Bristol, Avon

Mexico's misfortunes

From Mr Christopher Whalen.

Sir, Robert Graham's overview of Mexico's economic progress was pleasant reading (October 20), but told readers little about the very real problems still facing that country. Also – apparently relying heavily on official government sources – both text and graphics give readers (and potential investors) the false impression that things are improving.

No mention is made of the fact that Mexico faces a $5bn-$6bn trade shortfall in 1989, nor does Mr Graham put a price tag on the food imports which so worry President Salinas. The figure is $3.5bn for this year, $2bn of which will come from and be subsidised by the US.

The graph accompanying the article leads one to believe that inflation is under control. The Bank of Mexico states that inflation is now running at an annual rate of 11.1 per cent, yet the Mexican Government is still paying interest rates in excess of 40 per cent to raise short-term funds internally. Someone is wrong.

When Mr Graham mentions the end of the anti-inflation pact next March, he accepts the Salinas vision of a "gradual liberalisation of prices." There is no mention of *domestic borrowing*, nor of the observers outside the government who would suggest that price controls are not the same as price stability. Mexico's $55bn internal debt virtually assures a return to the hyper-inflation of 1988, when Mexico paid investors interest rates above 150 per cent to finance government budget deficits. Since the Mexican Government has not actually taken steps to reduce spending, let alone pay off this inflationary internal debt, and the new money portion of the Brady debt forgiveness plan seems moribund, most observers in Mexico (again, outside the government) predict a severe cash crunch in March or April next year.

Mexico is a country about which British investors do not receive sufficient reliable information. It will finally reach insolvency sometime next year.

Christopher Whalen,
Worldwide Information Resources,
1717 K Street, Suite 706,
Washington DC 20006,
USA

More and less equal

From Mr James Pitt.

Sir, Your special report on independent education (October 21) quotes John Murrell of Gabbitas, Truman and Thring: "Boys' schools . . . being mostly older foundations, and going back to the bad old days when girls were not expected to be educated, can offer better facilities than the majority of girls' schools."

But is this still true? In maths and science, and, more recently, design and technology, some girls' schools are better equipped *because* they were later in getting started. At this girls' independent school we avoided investing in expensive metal workshop machinery that many schools find redundant; we went straight into multi-media facilities for design and technology.

Of more importance to parents with daughters might be research which suggests that girls in mixed schools tend to underachieve in maths, science and design/technology. Girls in co-education are more likely to conform to gender stereotypes, especially when boys "claim" workshop or laboratory areas as their own. In this respect, at least, single sex education offers a more genuine equality of opportunity for girls.

James Pitt,
Head of Design and Technology,
The Mount School,
York

From Mr E.A. Bradman.

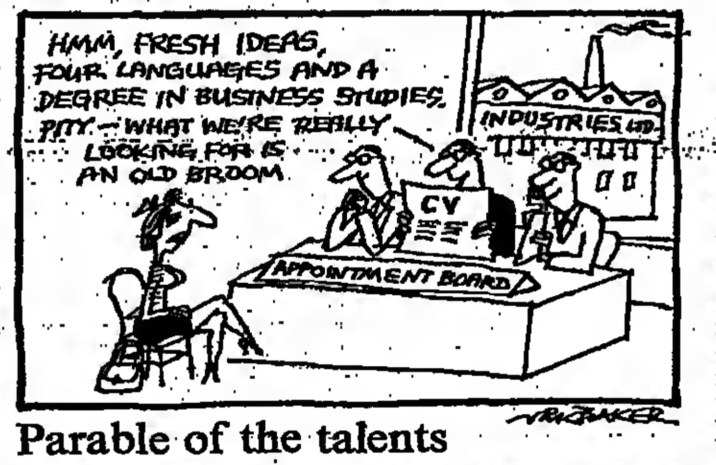
Sir, Michael Prowse's aim of equality of opportunity ("An obsolete tradition," October 13) is admirable, but to achieve it by abolishing our last bastion of excellence is misconceived.

We need a multi-tiered educational system for pupils of all aptitudes, with automatic transfers between levels. Those able to benefit from the more intensive upper tiers would be moved to them. Those failing to take advantage of the upper tiers would drop down.

Not all privately educated children have the benefit *of* "better equipment, more books and much lower pupil-teacher ratios." The benefit they do have is parents – many of them working mothers – who spend a large proportion of their budget on their children. If these dedicated parents did not have to pay for their children's schooling, they would be likely to allocate more resources to private tutoring or more books. Presumably Mr Prowse would also outlaw this kind of expenditure?

If the public/grammar/technical/secondary modern schools of the past had provided adequately for pupil transfers, they would have created the environment for the meritocracy we need.

E.A. Bradman,
29 Lagham Park,
South Godstone, Surrey



Parable of the talents

From Miss Jacqueline Elton.

Sir, Michael Prowse writes ("Industry fails to attract talented staff," October 12): "In the past century able Britons have not *wanted* to work in manufacturing industry".

I believe this no longer to be the case. Young men and women from top universities and business schools, applying to go into industry, are often actively discouraged.

I have just graduated from Britain's top business school. I also have an Oxbridge background. I speak four European languages. Having worked previously on the periphery of industry I wanted the business *skills that would equip me to* play a useful role within British industry. Many classmates were hoping for the same thing – and prepared for the lower salaries paid by industry.

But most available jobs came from consultancies and *financial institutions*. These were open-minded about the experience needed; they looked for skills and intelligence rather than relevant experience.

Jobs coming from industry demanded a technical background and years of industry experience. The prevailing belief seemed to be that technical background and industrial experience far outweigh wide ranging business experience and good analytical, innovative and communication skills.

Languages likewise are merely a side issue. Employers are saying: "We need somebody who has worked for five years in the same industry – preferably for us." New blood, new ideas and perspectives do *not* seem to figure.

I recently applied for a job in a failing British multi-national in which I had all the skills required except for relevant industry experience. I failed even to get an interview. This is typical of the experience I and many colleagues have had.

Those who recruit for British industry do not seem to want people who are not like themselves, and who might rock the boat or change the culture. Yet this is precisely what they need. They refuse to take risks. It is the "nobody got fired for using IBM" syndrome in another form. The old anti-academic bias is still apparent – as are attitudes to women.

It need not be said that the *consultancies and financial* institutions, with more open methods of recruitment, have performed *far* more successfully in the last decade. If I join one of these I will then (presumably) be involved in advising industries – or even in their takeovers – for very large fees. And yet all along I would have preferred to work inside them.

When Christopher Hogg, with an Oxford classics degree and a Harvard MBA, applied to industry he was either turned down or offered salaries which did not recognise his abilities. He eventually entered Courtaulds, of which he is now chairman, by a roundabout route via the City. John Harvey Jones, the former chairman of ICI, also lacked any industry experience when he first entered ICI in early middle age.

It seems that industry has still not learned the lesson. When will it ever?

Jacqueline Elton
33 Southerton Road, W6

Companies Bill amendment

From Mr Harvey Cohen.

Sir, It is a pity that Philip Goldenberg's article on the Companies Bill (October 23) did not refer to the amendments tabled on October 5 by John Redwood, the Government minister now responsible for corporate affairs.

One of those amendments has altered the proposed substitution for the existing section 35 of the Companies Act 1985 so that it reads: "The validity of an act done by a company shall not be called into question on the ground of lack of capacity by reason of anything in the company's memorandum."

Previously it had read: ". . . by reason of the fact that *it is beyond the objects of the* company stated in the memorandum of association."

Mr Goldenberg's article was a complaint that the proposed substitution, by referring to "objects," failed to encompass "powers." The alteration had already solved that problem.

Harvey Cohen,
Stephenson Harwood,
1 St Paul's Churchyard, EC4

Selective surcharge

From Mr David Brech.

Sir, Mr Eric Heaton has got it wrong in believing that Royal Mail Letters plans to surcharge letters over A5 size (October 23). What we are planning to do is adjust the pricing structure selectively for one type of large letter, to reflect more adequately the costs incurred in handling this type of mail. However, our proposals have yet to be finalised.

David Brech,
Royal Mail Letters,
33 Grosvenor Place, SW1

Sort of automatic

From Mr James Wimberley.

Sir, You sometimes carry uncritical reports of the Royal Mail's investments in automated sorting: one expensive set of machines to read typed or printed addresses and postcodes and put on the corresponding bar codes, and another simpler set to read the bar codes and do the sorting.

Does Sainsbury's, the supermarket chain, run huge centres to stick bar codes onto tins of baked beans? Of course not. The canners print these on the labels, and the retailer just links the code to the company's own price.

James Wimberley,
2 Rue de Cheverny,
F-67000 Strasbourg, France

Managing in Europe

From Mr J.A. Morgan.

Sir, The article "Europe needs flexibility," in your international fund management survey (October 26), was incomplete in one respect.

It stated that the differing regulatory requirements for customer agreements imposed by the Employment Retirement Income Security Act (Erisa) and the Investment Management Regulatory Organisation (Imro) respectively have produced difficulties for investment managers serving Erisa clients out of London.

For completeness' sake, and to avoid letting a wrong impression gain ground, it should be recorded that so far as Imro members are concerned, these difficulties no longer exist, following a careful comparison made by Imro of the protection afforded to *Erisa clients under both* regimes.

By an amendment to our rules published on July 10 1989, there is no longer an obligation, in respect of Erisa customers, for members to conclude a customer agreement.

J.A. Morgan,
IMRO,
Centre Point,
103 New Oxford Street, WC1

FOREIGN AFFAIRS

A matter of great urgency

Edward Mortimer appeals to the new Foreign Secretary to change Britain's policy on Cambodia

A very small item appeared in some of yesterday's papers: "Khmer Rouge guerrillas are moving along strategic access highways toward Battambang, Cambodia's second largest city, and have seized the nearby strategic centre of Samlot."

Khmers Rouges! The very *name chills the heart*. No other political movement since Nazism has gained such a worldwide reputation for utter ruthlessness and barbarous mass murder. The killing fields, the piles of skulls, the systematic depopulation of *towns, the destruction of family* life, the starvation, over a million deaths in a population of 6.8m: all this is so well known that "Pol Pot" has passed into Western languages as a synonym for brutal tyranny and genocide.

One might think that the "international community" would be rallying round Phnom Penh with every kind of support, short of military intervention, to try to avert a recurrence of this nightmare. One would be wrong. There can be no other issue of foreign policy on which the common-sense humanitarian feeling of the Western public is so utterly and tragically at odds with the official policies of Western governments.

Of course we all know that invading other countries is wrong in principle. But we can also think of several cases where, even if the invading country was censured at the time, the results were then quietly accepted and regarded as a blessing – the Indian invasion of East Pakistan, for example, the Tanzanian invasion of Uganda, and the US intervention in Grenada. In none of those cases has either the invading country or the regime it brought to power been subjected to international quarantine or anethema, still less have attempts to restore the ousted regime by force of arms received international support.

Vietnam's justification for invading Cambodia was surely at least as good as any of those. The Vietnamese regime may be composed of fairly unpleasant hardline communists, but in the eyes of common sense it did humanity a great service by invading Cambodia and overthrowing the Khmers Rouges. Yet that is the thing for which the "international community" decided to punish it, and in so doing to punish the unfortunate Cambodians. The US encouraged China and Thailand to help the Khmers Rouges rebuild their forces, and the West combined with most of the Third World in the UN to maintain the Khmer Rouge government – expanded since 1982 into a nominal coalition headed by Prince Norodom Sihanouk but still under effective Khmer Rouge control – as the legal representative of "Democratic Kampuchea."

Obviously this policy has been a source of embarrassment to Western governments. Since 1982 they have sought to distance themselves from the Khmers Rouges by proclaiming their support for non-communist "resistance" forces under Prince Sihanouk and former prime minister Son Sann. But these groups, even though they fear and loathe the Khmers Rouges like all other Cambodians, have been forced into alliance with them. They have no hope of coming to power on their own.

There can be no other foreign issue on which the humanitarian feeling of the public is so utterly at odds with official policies

Why not detach these groups from the Khmers Rouges and bring them into alliance with Hun Sen, the able and moderate young prime minister in Phnom Penh since 1985? That seemed to be the objective of Western policy for much of this year, but the attempt collapsed at the Paris conference in August. For this the West officially blames Vietnamese "intransigence" and Soviet "unhelpfulness", but the fact is that Prince Sihanouk, whose to-ing and fro-ing has confused allies and adversaries alike, insisted on a "quadripartite" solution, one that would bring the Khmers Rouges into an interim government pending free elections. The "intransigence" of Vietnam and of Hun Sen consists mainly of their refusal to accept this solution. They were not willing to allow the Khmers Rouges to instal themselves in ministries in Phnom Penh and establish a military or para-military presence throughout the country before elections were held.

The other point on which the Vietnamese were "intransigent" was their refusal to accept UN monitoring of their withdrawal. That was a pity, although their argument that the UN cannot be regarded as impartial so long as it persists in recognising the "Coalition Government of Democratic Kampuchea" does have some moral force. But surely the important point is that they have withdrawn. This has been attested by numerous foreign observers, and admitted by the British government.

"The Vietnamese must go," said Mrs Margaret Thatcher when she visited refugee camps on the Thai-Cambodian border in August 1988, "but we must not allow the return of the terrible Pol Pot regime in their place. No civilised country could accept that." And Sir Geoffrey Howe in Parliament this month said Britain would "co-operate with our partners in the international community in maintaining our resistance to Pol Pot's return." Yet Britain again chose not to challenge the credentials of the delegation of "Democratic Kampuchea" in the current session of the UN General Assembly; and has agreed to co-sponsor the resolution put forward by the Association of South-East Asian Nations in the debate on Cambodia due to start on November 15, which salutes "the continued and effective struggle of the Kampuchean forces under the leadership of Samdech Norodom Sihanouk" and insists on "the promotion of national reconciliation among all Kampucheans," also under his leadership, as one of the main components of any settlement. In other words, it puts the UN firmly on the same side as the Khmers Rouges in what is now a Cambodian *civil* war, *and insists* that the nominal leader of that side must preside over the "national reconciliation" process.

Why on earth is the West taking that side in the conflict? The argument put forward by *US officials is that* the Khmers Rouges are an unpleasant "reality" which has to be taken into account, and that they will cause more trouble outside a settlement than in it. But this is precisely the argument which attracts most American contempt whenever it is put forward to justify the inclusion of any other communist party in government in any other part of the world, and the Khmer Rouge track record of discarding and maltreating non-communist allies – including Sihanouk himself after 1975 – is as bad as thet of any communist party anywhere.

If the US treats this case differently, it is surely because it cannot bring itself to legitimise retrospectively an action taken by communist Vietnam. In Britain's case, one suspects that it is going along with US policy in the hope of buying US acquiescence to the forced repatriation of the Vietnamese boat people from Hong Kong.

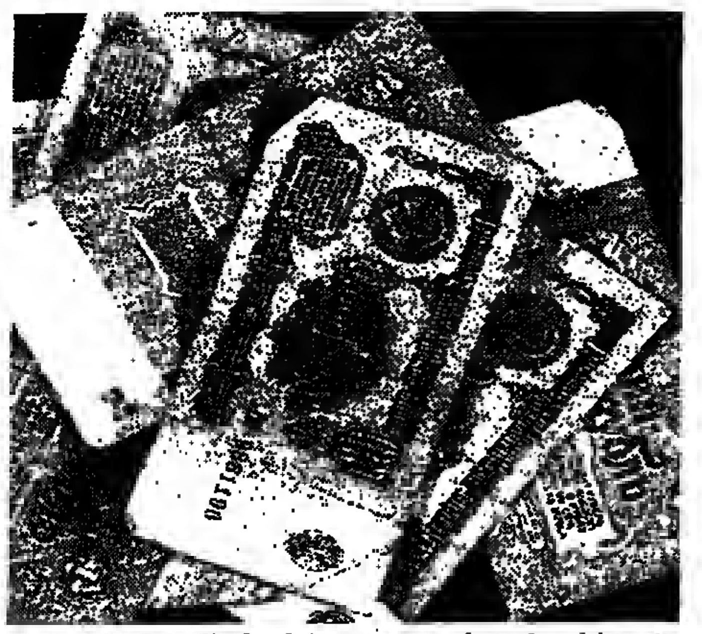
The role of Britain and other European countries which did not share the traumatic experience of the Vietnam war must surely be to set it aside and insist on looking at the merits of the situation as it is today. That would mean a pragmatic approach to Vietnam, similar to that adopted towards other communist countries hesitating between stagnation and reform, and a policy in Cambodia which clearly makes resisting the return of the Khmer Rouge the priority rather than undoing the effects of the Vietnamese invasion.

This is surely an issue Mr Douglas Hurd, the new Foreign Secretary, needs to look at as a matter of urgency. If British policy is left as it is, we may well find it has helped to bring about precisely the outcome which Mrs Thatcher said no civilised country could accept.

FINANCIAL TIMES
Tuesday October 31 1989

Rouble goes soft on hard currency

Moscow's small revolution in exchange rates gives tourists more for their dollars but is far from full convertibility, writes Quentin Peel



AT LAST it has been admitted: the official exchange rate, putting the rouble virtually on a par with sterling, is "unrealistic." The word was used by Mr Valery Pekshev, deputy chairman of Gosbank, the principal state bank, to explain the new "special exchange rate" for personal transactions.

Tourists will now get 10 times more roubles for their dollars or pounds. But the old "unrealistic" rate will still apply to all trade transactions, including services. There is nothing immediate in the decision to boost Soviet exports, discourage imports or attract investment.

As for being a step towards full convertibility, "it is a very small one, if it is one at all," Mr Pekshev admitted.

Even tourists, foreign businessmen, or foreign residents here cannot expect a bonanza. Already they pay 80 per cent or more of their costs in hard currency. Where they do use roubles, half the prices are already grossly inflated, reflecting the black market exchange rates of about Rbs15 to the dollar.

The new deal, valuing the rouble at $0.16, instead of the official rate of nearly $1.60, will be available in effect to any foreigner changing hard currency or travellers' cheques. It will also apply to withdrawals from foreign residents' hard currency bank accounts.

Furthermore, it will be charged to Soviet individuals travelling abroad, on personal trips or business. They will still be entitled to the same amount of currency (just over $300) but it will cost 10 times more.

For foreign businesses in Moscow, and foreign visitors, roubles are already hard to spend. Rents, telephones, hotel and restaurant bills, car maintenance, insurance and many services are only supplied to foreigners for hard currency.

Shortages of food and consumer goods mean foreigners rely overwhelmingly on foreign-currency shops – traditional state-owned Beriozka stores, and now foreign competitors – and direct imports from abroad.

Only for a limited number of services can foreigners still pay fixed rouble prices: for petrol coupons (and that may change soon), travel within the Soviet Union, household goods and hardware when available, basic repairs and redecoration (if you are prepared to wait months for a shoddy job.)

Western investors in joint ventures have found increasingly that they are forced to pay hard currency to get their businesses into operation: to jump the queue for Soviet cars, for example, ensure a hotel reservation for a visiting technician, or even to acquire a building site.

The desire for hard currency on the part of Soviet organisations is now so great, they are charging each other in dollars, not roubles. The Soviet Health Ministry recently had to pay Moscow city council in hard currency for a building site to establish a joint venture.

The trend of recent months has been for more and more services to be supplied only in exchange for hard currency. The existence of a new special exchange rate for cash is only likely to accelerate that process.

Mr Pekshev was disarmingly honest about the reasons for the official admission of the absurdity of the exchange rate. Personal currency exchanges at the state banks had slumped alarmingly in recent months – and Soviet travellers were perceived to be making huge profits, even on modest allowances, by buying shortage goods in the West and reimporting them for resale at home.

He confirmed that the Soviet government strategy was to move through a period of multiple exchange rates to the eventual ambition of a "single realistic, convertible rate."

The tourist rate will be introduced tomorrow, and adjusted monthly thereafter. On November 3, the Vneshekonombank responsible for foreign trade relations is planning to hold a currency auction for Soviet enterprises. Previous efforts have been aborted because of the lack of foreign currency on offer.

On January 1, the authorities will introduce a new single exchange rate for Soviet enterprises, an effective 50 per cent devaluation of the official rate, to encourage exporters and discourage imports. The single rate will replace the current system of some 3,000 different currency "co-efficients" which Soviet enterprises have had to apply to foreign exchange transactions.

That could be the forerunner of an eventual commercial rate for the rouble. But there are still no early prospects for it to be on offer to foreign partners. They have to negotiate their own deals one at a time.

Soviets feel the pinch on beer and tobacco

Continued from Page 1

gently, for the traumatic price reform still to come.

His colleague Mr Voronin also revealed that wholesale prices charged to factories for essential supplies, like fuel, energy, cement and building materials, will start to go up next year. But there will be no changes in retail prices until 1991.

The occasion was the second reading debate of the Soviet plan and budget for 1990, when for the first time in Soviet history the deputies had been given a chance to thrash out the details of government spending.

In the event, they were only tinkering at the fringes of a budget in chronic deficit, with spending of Rs493bn, income of Rs434bn, and the difference still more than Rs59bn.

The tax on beer and cigarettes, plus the car sales, and the tax on fancy foods, will bring in Rs2.85bn. State enterprises and the like will provide an extra Rs1.2bn. The Soviet foreign aid budget will be cut by Rs400m, which Mr Pavlov identified as 20 per cent, while the traditional arms of Soviet international propaganda – Tass and Novosti news agencies, plus Soviet TV and radio – will lose 10 per cent, or Rs200m.

Another Rs20m comes from a peculiarly appropriate source: the removal of subsidies from the massive, permanent (and misnamed) Exhibition of National Economic Achievements in Moscow.

All of this, however, can only finance a fraction of the social spending and emergencies the deputies want to pay for.

Extra money is going to hospitals, children's homes, pensions and school teachers. But Mr Pavlov ruled out any special increase in pensions for workers in Siberia and the Far North, which would have cost another Rs1.5bn.

He rejected a plan for Rs687m worth of free medicines for the poorest, Rs200m for kindergartens and a Rs100m increase in science spending. And he refused to write off all of the outstanding Rs23bn debt of all the Soviet state and collective farms.

However, the blighted rural areas will benefit from a Rs1bn subsidy in electricity.

The fear of Government and deputies at the rise in industrial unrest and crime was revealed by a Rs850m extra item for social spending on transport workers, and Rs250m for extra allowances for the Soviet police. Coal miners have already been allocated an extra Rs980m in pay since their mass strike during the summer.

Whether Mr Pavlov will get away with his price rises remains to be seen.

EC leaders may ignore UK views on social charter

By David Buchan in Brussels

THE SCENE was set yesterday for the isolation of Mrs Margaret Thatcher, Britain's Prime Minister, from her fellow EC leaders at the forthcoming Strasbourg summit over the proposed European Social Charter.

After chairing a meeting of EC labour ministers in Brussels, Mr Jean-Pierre Soisson, French Labour Minister, said he had been given the green light to send to the December 8 and 9 summit of EC leaders a revised draft of the charter, which only the UK still opposed.

Speaking for the current French presidency of the EC council, Mr Soisson said he had "closed the dossier" of the charter to any further revision, though he still hoped to "recruit" the UK government.

Both Ms Vasso Papandreou, the EC Social Affairs Commissioner, and Mr Norman Fowler, the UK Employment Secretary, yesterday seemed to accept a 11-to-one split on the issue as inevitable.

Ms Papandreou said that taking account of the UK's specific objections to half the charter's 26 articles would mean "revamping the entire proposal."

Mr Fowler said: "The charter remains far from acceptable," and complained that by introducing new rigidities and rules into the labour market it would destroy, not create, jobs.

He also noted that by giving workers a right to strike, the charter would "turn on its head" UK legislation dating from 1906 that only provides certain legal immunities to strike organisers.

The tactic of the French presidency yesterday was to put UK objections to one side as effectively unbridgeable and to concentrate on resolving problems of the other 11 countries.

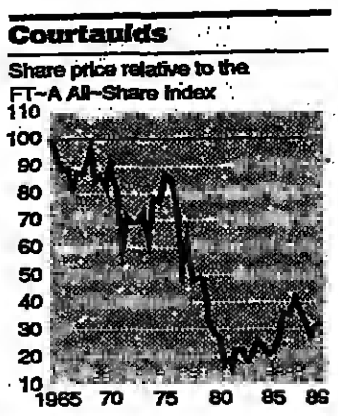
Thus, the request by West Germany, backed by Belgium, the Netherlands, Italy and Luxembourg, for a nine-point EC plan to be added to the charter as an annexe was considered inappropriate.

Instead, Ms Papandreou confirmed she would take the points - which include annual and maternity leave, minimum work age, job quotas for the handicapped, and health and safety laws - into account in the Commission's promised social action programme.

THE LEX COLUMN

Courtaulds falls apart nicely

The curious thing about Courtaulds' proposed demerger is that it seems in the interests of just about everyone except the taxman. Making aerospace components and socks for Marks & Spencer have little in common in managerial terms; indeed, the textile business was split off operationally some time ago. It might appear that textiles are being thrown off the back of the sledge. But it is quite possible that the wolves, if there are any, will pursue the chemicals business instead. Either way, the modest rise in the shares yesterday – just under 3 per cent relative to the market – seems quite sensible.



The rise would doubtless be greater were it not for uncertainty about how the business is to be divided financially, particularly in terms of debt and tax. The textiles business is the more mature and cash-generative of the two; like its sector's largest constituent, Coats Viyella, it will doubtless be valued on a yield basis. The chemicals business will be put on an earnings multiple. But while coherent enough operationally, in market terms it may prove initially hard to place: too big to be a niche player but smaller than the majors; less cyclically sensitive than the polymer producers, but with half its business in commodities.

There is also the faint risk that the chemicals business may not replace the existing stock in the FT-SE, given a likely market value not much over £1bn (yesterday's combined value being £1.4bn) and with at least a couple of water stocks due to join the index. If so, the effect on the indexed funds would not make for an auspicious debut. But in the longer run none of that will matter. The initiative should be welcomed by shareholders, if only as a matter of principle.

Markets

The eerie calm of both the equity and currency markets yesterday was a reflection of the way the economy is in limbo between the Lawson and Major eras. Stock market turnover matched the lowest levels this year; the pound took a breather after its eight pfennig fall last week. But sooner rather than later the pound will be tested again. The suspicion is that, while publicly stating that policy is unchanged, the government will be prepared to let sterling drift lower rather than take another interest rate hit; after all, even the last base rate rise was forced on Lawson by the Bundesbank. And those who still had lingering hopes of sterling's entry into the ERM before the next election will have been disappointed by Mrs Thatcher's words on Sunday.

Mr Major's advantage is that his first significant policy announcement will be the Autumn Statement on public expenditure, a subject where he is an acknowledged expert. A tough stance on spending will improve his counter-inflationary credentials with the markets, without hurting mortgage holders. But equity markets will also be watching to see whether his economic forecasts paint a plausible picture of a declining trade deficit, lower inflation and no recession in 1990. If just one element is out of kilter, the chances of an immediate stock market recovery will be stifled.

St Paul's

With Prince Charles poised ominously in the wings, Greycoat and New York's Park Tower Realty have little choice but to behave diplomatically. They couched the announcement of their £161m purchase of 4.2 acres of Paternoster Square, north of St Paul's Cathedral, in courtly, if evasive prose. The last thing they want is to scupper their chances of getting planning permission through in 18 months with a lot of gung-ho talk about square feet and plot ratios.

What the elegant language cannot hide is the level of risk involved, albeit tucked away in an off-balance sheet vehicle. Greycoat is talking about £700m as a total cost for a project which is unlikely to be producing returns until 1994 or so, even assuming a smooth passage through the planning process. The figure may seem high: but after allowing for uncovering a Roman palace or two, and elegant brickwork at more than £200 per square foot, it sounds more reasonable.

It is not clear how much space the development will comprise, but a fair bet is about 800,000 square feet of offices and shops. If, though, they are to make a decent return at this level of cost, Greycoat and Park Tower look like needing a great deal more than the £45 per square foot at which space is now being rented out in the City's Broadgate centre; and this might be a tall order. If it works the whole thing could, on the other hand, make Greycoat another Land Securities.

Gold

With all this bearish talk around, the financial community seems to have overlooked the possibility that one bear market at least may have run its course. To be sure, global inflation remains subdued, there is increasing talk of recession and real interest rates are very high - hardly an ideal background for gold. But then bear markets do not end when all the indicators are sending out strong buy signals.

Granted there are some noted gold watchers, such as James Capel, who believe that the yellow metal is still locked into a downward trend, with $300 an ounce more likely than $400. But the number of gold bears is dwindling. The chartists are impressed by the way the metal has broken above its 200 day moving average of $376. They have been badly wrong on gold before. Nevertheless, they have a big impact on sentiment. And since an average bear market in gold only lasts two years, a case can be made that the 27 per cent fall in the gold price between end 1987 and September 1989 marks some sort of low point.

This period coincides with a near 20 per cent appreciation in the dollar, with the recent rally in gold doing little more than compensate for the 5 per cent drop in the dollar since mid-September. Admittedly, even though average inflation in industrialised countries has doubled since 1986, it is still a fraction of the double digit figures of 1980/81. Nevertheless, if the gold price has broken its recent downtrend, it is of more than passing interest to investors other than the traditional gold bugs.

London share prices rise as sterling stages rally

By Simon Holberton, Economics Staff, in London

THE POUND rallied and London share prices rose yesterday as financial markets failed to live up to the worst predicted for them.

The performance of sterling was seen by some analysts as a cautious-to-positive assessment by the market of the outlook in the wake of the comments by Mrs Margaret Thatcher, the UK Prime Minister, on events surrounding the cabinst changes during the past week.

After a bout of Bank of England intervention in the morning, sterling ended 1½ pfennigs higher at DM2.90 and was hroadly unchanged against the dollar at $1.5785. In Nsw York, it closed at DM2.83475 and $1.5825.

Share prices recouped many of the losses sustained on Friday when there was some sharp marking down in reaction to Mr Nigel Lawson's resignation as Chancellor of the Exchequer.

Dealers said yesterday's rally was largely technical, as was Friday's fall. The FT-SE 100 Share Index ended 30.1 up at 2,112.2, on low turnover. The Dow Jones Industrial Index closed in New York up 6.76 at 2,603.48.

Analysts said an air of uncertainty still pervades the markets but they were divided over the pound. Some forecast sharp declines ahead.

Thatcher warned

Continued from Page 1

statements, warned that if Mrs Thatcher ignored their advice ebe would risk isolation within ths parliamentary party.

Mrs Thatcher was said to have offered some assurance that conditions she laid down for entry into the EMS were not designed deliberately to defer any decision ontil after the next election.

Mr Baker played down any suggestion of a row at the lunch gathering but acknowledged the concern of MPs when he commented that it was important for the Government to present a "united series of policies drawn from collective responsibility."

The gathering followed a sharp statement by Mr Norman Tebbit, once a close confidant of the Prime Minister and former chairman of the party, about the "appalling political muddle" surrounding Mr Lawson'a resignation. He warned that it was dangerous for "a captain to appear semi-detached from her team."

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	21	70	Dubrovnik	C	19	66	Malta	F	24	75	Rhodes	S	21	70
Algiers	S	24	75	Edinburgh	S	13	55	Manchester	S	12	54	Rio de J'o	F	31	88
Amsterdam	C	14	57	Faro	S	24	75	Manila	F	32	90	Rome	F	21	70
Athens	S	22	72	Florence	F	18	64	Melbourne	C	19	66	Salzburg	C	12	54
Bahrain	S	32	90	Frankfurt	F	17	63	Mexico City	F	23	73	San Francisco	F	11	52
Bangkok	F	33	91	Funchal	F	22	72	Miami	F	20	68	Seoul	F	18	64
Barcelona	S	24	75	Geneva	C	19	66	Milan	C	13	55	Singapore	F	30	86
Beirut		–	–	Gibraltar	S	22	72	Montreal	F	8	46	Stockholm	Dr	7	45
Belfast	S	11	52	Glasgow	S	13	55	Moscow	C	3	37	Strasbourg	R	16	61
Belgrade	S	18	65	Guernsey	S	16	61	Munich	C	15	59	Sydney	S	25	77
Berlin	C	13	55	Helsinki	R	5	41	Nairobi	C	13	55	Taipei	F	28	82
Biarritz	S	19	66	H. Kong		–	–	Naples	F	24	75	Tangier	S	21	70
Bombay	S	32	90	Innsbruck	C	15	59	Nassau	F	30	86	Tel Aviv	C	22	72
Bordeaux	F	21	70	Inverness	S	12	54	New Delhi	S	29	84	Tenerife	F	25	77
Brussels	F	16	61	Islamabad	F	27	81	New York	S	13	55	Tokyo	S	20	68
Budapest	C	15	59	Istanbul	S	16	61	Nice	S	20	68	Toronto	C	4	39
B. Aires	C	26	79	Jakarta	R	33	91	Nicosia	C	22	72	Tunis	F	25	77
Cairo	S	25	77	Jersey	F	17	63	Oporto	S	21	70	Valencia	S	23	73
Cape Town	S	24	75	Jo'burg	F	22	72	Oslo	C	8	46	Venice	C	13	55
Caracas	C	27	81	Lima	F	20	68	Paris	C	17	63	Vienna	C	17	63
Casablanca	S	22	72	Lisbon	S	20	68	Peking	R	11	52	Warsaw	C	13	55
Chicago	F	13	55	London	S	15	59	Prague	R	14	57	Washington	C	12	54
Cologne	F	18	64	Los Angeles	F	14	57	Reykjavik	F	5	41	Zurich	C	14	57
Copenhagen	C	11	52	Luxembourg	R	14	57								
Corfu	S	23	73	Madrid	S	18	64								
Dallas		–	–	Majorca	S	23	73								
Dublin	C	14	57	Malaga	S	24	75								

Readings at mid-day yesterday
C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Gandhi suffers severe blow as Defence Minster stands down

By David Housego in New Delhi

PRIME MINISTER Rajiv Gandhi'a administration suffered a bruising reverse yesterday when Mr K.C. Pant, the Minister of Defence and one of the most senior and respected members of the Indian cabinet, announced that he would not stand as a candidate for the ruling Congress Party in next month's general election.

Mr Pant's decision, widely seen as weakening the Congress campaign as it attempts to move into full gear, reflects his impatience with Mr Gandhi's style of leadership and his doubts that the party will win.

Mr Pant has been responsible for defending the government in parliament over the Bofors case, after allegations that the Swedish company paid millions of dollars in commissions for winning a lucrative arms contract.

Yesterday Mr Pant accused Mr Gandhi's officials of going back on assurances given to him by the Prime Minister that he would be able to stand for his home constituency of Nainital in Uttar Pradesh.

In an attack on Mr Gandhi's advisers and style of government that reflects criticism often heard both within ths Congress and from the opposition, Mr Pant warned that dsmocratic practices were being undermined by "unwarranted interference by a non-political coterie in political decision making".

Mr Pant was offered two other constituencies, including the Delhi one he currently represents. Announcing his rejection of these, he said he "would remain very mnch within the party and available for any work". It still remains an open question whether he will resign from the cabinet.

Mr Pant's withdrawal of his candidature is not as bad a hlow to Mr Gandhi as the defection of two senior ministers – inclnding Mr Jagjivan Ram, the Minister of Defence – before the 1977 election was to Mrs Indira Gandhi. But it does reflect the serious strains within the party. It is bound to be demoralising to Congress workers not only because of his seniority but because his father was one of the leaders of the party during the independence struggle. An emharrassed Congress Party said it was "most unfortunate".

Mr Pant's puhlic display of his differences with Mr Gandhi came as the party found itself on the defensive on other fronts as well. The most serious of these is that the opposition has agreed in a large majority of constituencies to put up only one candidate against Congress.

The opposition yesterday claimed it had achieved seat adjustments among the major parties in 90 per cent of the constituencies – thus achieving what all observers see as the first requisite for defeating Mr Gandhi and one he had hoped to stall by his surprise announcement of a snap poll.

The government also found itself on the defensive yesterday over opposition allegations that the intelligence agencies had attempted to thwart efforts by Mr V.P. Singh, leader of the opposition, to file his nomination papers for the Fatehpur constituency in Uttar Pradesh. Mr Singh reached his constituency only half an hour before nominations closed after his flight was turned back from Delhi because of a bomb scare.

Mr Gandhi could be subject to further embarrassment today, with several papers likely to publish what are described as further disclosures over illicit commissions paid hy Bofors.

East German protest marches continue

HUNDREDS of thousands of East Germans staged pro-democracy demonstrations in three cities yesterday, but Mr Egon Krenz, the country's new leader, vowed to preserve the Communist Party's hold on political power, Reuter reports from Berlin.

As many as 300,000 people massed on the streets of Leipzig, East Germany's second largest city, for the sixth consecutive Monday, East German state television said. "The whole of the city is full," a protestant church source said.

In the northern city of Schwerin, about 80,000 people gathered on the streets with banners and candles in a silent protest, church sources said.

In the south-western city of Halle, thoueande more marched with banners to local Communist Party headquarters, church sources said.

All the marchers apparently made their protests unmolested by police, who have not intervened in rallies since the weekend of October 7-8 when they broke up protests in East Berlin.

Earlier in the day, Mr Krenz told a ceremony for military college graduates in East Berlin that the people should not destabilise the country with unrealistic demands for reform: "Whoever draws the conclusion that our party is not in the position to perform its leading role misjudges the strength of our party, misjudges the experience of our party and underestimates the more than 2m members and candidate members whom the party unites."

Mining discontent, Page 3

INSIDE

The challenge from morality

"Ethics and morality have emerged in 1989 as posing a real challenge to the chief executive officers of banks and, in a different way, to those of securities houses." So says a report on the global capital markets by the management consultancy arm of KPMG International. This second annual survey also finds that executives in the industry expect that society will demand evidence of "financial institutions and their well-paid staff performing a real economic role". Stephen Fidler reports. Page 29

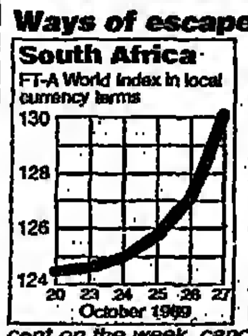
Sour taste at Apricot

Persistent pressure on hardware margins and an exceptional restructuring charge of £1m led to a halving of interim pre-tax profits at Birmingham-based workstation and computing services company Apricot Computers. Apricot had been making a strong recovery after backing the wrong workstation technology in the mid-1980s, but was knocked off course by a combination of technological and commercial problems at the end of last year which resulted in profits for 1988-89 of only £6m, a fall of 26 per cent on the previous 12 months. Alan Cane reports. Page 30

Keeping madness under control

Rhizomania – literally, root madness – is an unpleasant disease capable, in severe cases, of reducing both yield and sugar content of sugar-beet to uneconomic levels. It was first identified in the crop in northern Italy in the 1950s, and has since spread into France, Belgium, Holland, Germany and Austria – and, now, the UK. But, says David Richardson in his Farmer's Viewpoint, it is important to keep it in perspective. The disease will have no measurable effect on the UK's production of sugar this year and poses no threat to humans. Page 38

Ways of escape



Resilience was a rare commodity in world stock markets last week. Only three of them rose, two of them barely. The third – South Africa – was driven up by the price of gold, the standard escape hatch when markets elsewhere are in trouble. As a result, the FT-Actuaries World Index dropped 1.85 per cent on the week, cancelling out the 1.2 per cent gain of the week before. Page 50

Campaign takes few prisoners

Chairmen of the 10 water companies to be privatised next month dislike the way Labour MPs have continued their assault on the controversial measure, weeks after losing the parliamentary battle over the Water Bill. Some believe the Opposition should not have moved the battle to the City, attacking the impending flotation by threatening renationalisation and the possibility of reduced shareholder gains under a Labour government. But the fact is that Labour's guerrilla warfare has taken few prisoners in the Square Mile. Page 32

Market Statistics

Base lending rates	46	London share service	44-45
Benchmark Govt bonds	29	London traded options	29
European options exch	46	London tradit. options	29
FT-A indices	29	Money markets	46
FT-A world indices	50	New int. bond issues	28
FT int bond service	28	World commodity prices	38
Financial futures	46	World stock mkt indices	47
Foreign exchanges	46	UK dividends announced	38
London recent issues	28	Unit trusts	40-43

Companies in this section

AMP	31	MoDo	25
Allianz	24	Mountleigh	30
Amada	27	Navigation Mixte	24
Apricot Computers	30	Nestle	25
Austrian Airlines	25	Nixdorf	25
Aviva Petroleum	31	Noranda	24
Chrysler	24	Nova Corp	24
Clydesdale Inv Trust	30	PPM	31
Crossroads Oil	32	Park Tower Realty	30
DRG	31	Pearl Group	31
Ebro	25	Pembridge	31
Elkem	29	Ptarmigan	32
Euro Project Inv Tst	30	Qintex	27
Ferranti Holdings	30	Racal Electronics	30
Finnair	25	Rowe Evans	32
Gartmore American	32	SAS	25
Greycoat	30	SIA	27
Hafslund Nycomed	25	Statoil	25
Himont	25	Swissair	27
Isetan	25	Telecom Australia	25
Karstadt	25	Tomorrows Leisure	32
Krauss-Maffei	25	Trifus	31
Kredietbank	25	Usborne	32
Lufthansa	25	Video Tape Recording	31
Mannesmann	25	Virgin	30
Mediraco	31	Waverley Mining Fin	32
Mid Anglia Radio	30	Whirlpool	24
		Yale and Valor	30

Chief price changes yesterday

FRANKFURT (DM)		
Rises		
Allianz AG	2040	+ 33
Falls		
Douglas Hldgs	595	- 9
Fag Kugel	365	- 10
Holzmann (P)	1015	- 20
Linde	724	- 11.5
Springer Vlg	534.5	- 24.5
NEW YORK ($)		
Rises		
Cancon	67¼	+ 1
Intl Game Tech	27⅞	+ 1⅞
Jaguar	11⅞	+ ⅝
Medtronic	33⅞	+ 4½
UAL	174½	+ 3½
Falls		
Kellogg	69⅞	- 1⅞
PARIS (FFr)		
Rises		
Metaleurop	224.8	+ 12
Nord Midi	1908	+ 114.5
Pechel Bronn	1820	+ 89.5
Falls		
Accordat	635	- 36.8
Drouot Ass	435	- 24.5
SCOA	46	- 3.7
TOKYO (Yen)		
Rises		
Ishii Pharm	1380	+ 120
S & S Shokuhin	2780	+ 290
Tokyu Const	1810	+ 170
Tokyo Dept	2410	+ 260
Tokyu Land	1790	+ 220
Falls		
Kokuyo	1380	- 130
LONDON (Pence)		
Rises		
ASDA	142	+ 4
BP	292	+ 6
Bowthorpe	871	+ 9
Courtaulds	382	+ 15
Glaxo	1378	+ 33
Jaguar	747	+ 22
Land Secs	505	+ 11
Lloyds Bank	353	+ 8
McCarthy & Stone	87	+ 13
Maxwell Comms	216	+ 9
Pilkington	203	+ 17
RMC	603	+ 14
Ratners	251	+ 9
Thorn EMI	723	+ 10
Unilever	639	+ 12
Wellcome	624	+ 19
Wimpey (G)	225	+ 7
Falls		
DRG	546	- 19
Davies & Newman	555	- 70

Ratners expands in the US

By Maggie Urry in London

RATNERS, the UK jewellery retailer, has agreed to buy Weisfield's, a US jewellery chain, for $55m. The deal will give Ratners a further 87 shops in the US, taking its total to 450.

Analysts said the purchase would not dilute earnings in the first full year of ownership, and, unlike other Ratners acquisitions, there was no call on shareholders for cash. The shares responded with a 9p rise to 251p.

Mr Gerald Ratner, chairman and managing director, said the purchase price represented a good deal, although it looked high against profits from Weisfield's of $2.9m in the year to January 31 1989.

He said Weisfield's head office would be closed, saving $5m a year. Weisfield's sales last year were $59.5m and net assets were $22.5m at the year end.

Mr Ratner also said trading was good in the UK and US, despite general pressure on retail sales.

Ratners, which has pioneered cheap jewellery in the UK with its high street shops holding seemingly endless sales, bought its first business in the US in the summer of 1987 and has expanded largely by acquisition since. On a per-shop basis, Weisfield's is cheaper than some of its previous takeovers, and the stores are, on average, larger.

The US now accounts for 30 per cent of Ratners' operating profits, and Mr Ratner thought Weisfield's was capable of adding a quarter to US profits.

Weisfield's is a publicly-quoted company and Ratners is offering $50 a share in cash. The directors control 51 per cent of the shares and are expected to accept the offer.

It is based in Seattle, Washington and takes Ratners into 50 shopping malls where it was not previously represented. The shops range from California to Alaska.

Mr Ratner said he had a short-term target in the US of 1,500 stores. In the UK, the group is close to its target of 1,000 jewellery shops.

Ratners is in the process of raising £150m through an issue of preference shares in the US. Mr Ratner estimated that the group's gearing would be about 20 per cent at the year end in January.

Crédit Lyonnais's link-up with Thomson approved

By William Dawkins in Paris

A CO-OPERATION agreement between the successful finance division of Thomson-CSF, the French state-controlled electronics gronp, and Crédit Lyonnais, the conntry's second-largest government-owned bank, yesterday received the formal approval of both companies' boards.

The final barrier to the deal was lifted earlier in the day when Banque Netionale de Paris (BNP), the largest French state-owned bank, announced it had scrapped controversial plans to launch e counterbid for Thomson-CSF Finance.

This is the first snch link between a large French industrial group and a bank.

It is designed to endow Thomson CSF with the same financial security enjoyed by Japanese and West German competitors, while boosting the capital adequacy of Crédit Lyonnais, unable to issue shares on the market without clashing with government industry policy.

Mr Pierre Bérégovoy, French finance minister, had scotched BNP's surprise approach by refusing to review the state's approval of e link between Thomson CSF and Crédit Lyonnais.

This is a snub for BNP, which felt that it had as much right to compete with Crédit Lyonnais for control of Thomson CSF Finance as it did to compete against any fellow state-owned institution for routine banking business.

BNP said its counter-offer had always been conditional on the state's approval, so there was no way it could now continue. It regretted that the Government had not consulted state-owned banks on the deal in the same way that it was now consulting government-controlled companies in the chemicals industry on a reorganisation of that sector.

Under the deal, Thomson CSF will cede just over 50 per cent of its finance division to Crédit Lyonnais, which will pay the electronics group in new shares, amounting to 14 per cent of its enlarged capital.

The transaction values Thomson CSF Finance, the electronics group's biggest profits earner, at just over FFr10bn ($1.6bn).

USH suffers setback on bid defence document

By Andrew Bolger in London

UNITED SCIENTIFIC Holdings, the defence contractor, was last night rushing to get out a statement to its shareholders urging them to reject the £110m ($173.8m) bid tabled by Meggitt, the specialist engineering gronp.

Mr Nick Prest, USH's deputy chief executive, said the latest defence document had been delayed at the printers but would be posted last night, and a statement made to the Stock Exchange first thing today. Meggitt's offer closes at 3pm today, but can be extended.

Mr Prest refused to confirm one newspaper report that USH intended to announce a return to dividends. The company passed on its dividend when it reported a pre-tax loss of £5.5m in the half-year to March. It made pre-tax profits of £10m in the full year 1987-88.

Mr Prest said he was confident that no leak from his company was responsible for the report, which also suggested that USH might stop short of revealing the company's gearing – information which Meggitt has been asking for since the bid was launched on September 11.

Meggitt owns 3 per cent of USH and has acceptances for 12.4 per cent of its shares. USH makes Alvis armoured vehicles and has been plunged into the red by two disastrous contracts at its Avimo electro-optical plants in Taunton, Somerset.

USH's defence campaign suffered a setback last week, when the US Federal Trade Commission blocked on competition grounds USH's proposed sale of its US subsidiary, Optic-Electronic Corporation, for $65m to Imo Industries of New Jersey, the world's biggest manufacturer of night sights. Imo is contesting the FTC court action.

Canadian group buys control of Maxwell offshoot

By Robert Gibbens in Montreal

MR ROBERT Maxwell, the British publisher, is selling control of a US printing subsidiary to Quebecor, e Canadian company headed by Mr Pierre Péladeau for just over US$300m.

Mr Péladeau, 63, owns Canada's second largest circulation daily newspaper, the tabloid Journal de Montreal, plus a string of other publications and printing businesses in Canada and the US. His holding company, Quebecor, is publicly-quoted.

Maxwell Graphics, a US subsidiary of Maxwell Communication Corporation, has 15 printing plants in tha US, specialising mainly in rotogravure.

Mr Maxwell said several months ago that he wanted to move out of printing and concentrate on building a global publishing business. He has already made several asset sales to help pay for two North American pnblishing deals worth more than US$3bn.

For the Quebecor deals, a new corporation is being set up to hold the printing assets of both Quebecor and Maxwell Graphics, together valued at US$1.1bn.

Quebecor will own 57.5 per cent of the new company and Maxwell Communication Corporation 20 per cent. The Caisse de Depot, the Quebec fund manager, will own 22.5 per cent potentially by buying a US$112m convertible debenture.

The effect will be that Quebecor gains control of Maxwell Graphics for a cash ontlay of just over US$300m, backed by the Caisse.

Maxwell Communication Corporation gets just over US$400m to apply against its existing debt. Maxwell retains 20 per cent of the holding company and the industry expects many of his printing contracts to go to the new joint company.

Last year, BCE, Canada's largest holding company, sold its printing interests to Qnebecor. As a result, it has a large stake in Quebecor.

BA management rift denied by Marshall

By Paul Betts, Aerospace Correspondent, in Warsaw

SIR COLIN MARSHALL, British Airways' chief executive, yesterday attempted to quash speculation that he was considering leaving the airline becanse of reported differences with Lord King, the company's chairman.

When asked if he was looking for another job, he said "certainly not." Like Lord King last week, Sir Colin described as "rubbish" reports of significant internal tensions in BA's top management and of a power struggle between the two men.

Sir Colin, who is attending the annual meeting of the International Air Transport Association in Warsaw, sought to convey the impression of business as usual at BA after the collapse of the United Airlines buy-out.

The airline was doing well, he said, with passenger traffic increasing by 7.9 per cent in the six months to September 30 and the load factor increasing by 2.3 per cent during that period. BA now intended to increase its capacity by 15 to 16 per cent on North Atlantic routes and by 11 per cent in the Far East.

However, Sir Colin said he was worried by the impact the pay strike at Boeing would have on aircraft deliveries to BA in the coming months.

Coming on the heels of Lord King's statement last week denying a rift, Sir Colin's remarks appear to reflect what is widely seen by the airline industry as a damage-limitation exercise.

The collapse of the United deal has unsettled BA, particularly Sir Colin, who was one of the main architects of the original decision to participate. It has also raised qnestions over the airline's global strategy – of which the tie-up was a central component.

Although Sir Colin said yesterday that the marketing agreement with United remained intact, tensions are understood to have surfaced between United and BA's senior management. One BA official conceded that, after the events of the last weeks, the relationship had suffered inevitable strains.

Indeed, BA has been clearly disturbed by the failure of its US partner and its banks to arrange the financing for their part of the deal, especially because BA had secured its share.

Sir Colin said BA had decided it was best to "let the dust settle."

Cautious first moves in a high-stake game

David Lascelles looks at Morgan Grenfell's response to Banque Indosuez's plans for a partnership

For years, Morgan Grenfell has lived with the knowledge thet its largest shareholder, Willis Faber with just over 20 per cent, was a potential seller. There was no obvious commercial logic to a link between a highly independent-minded merchant bank, and Britain's largest insurance broker.

But now that Willis has agreed to sell its stake to Banque Indosuez of France, it is by no means clear that the uncertainty surrounding Morgan has been resolved. It may even have been increased. What are Indosnez's long-term intentions? How would Morgan react to a full takeover which rolled it into a large international financial conglomerate? What if Morgan and Indosuez are unable to agree on mutual goals?

Mr John Craven, Morgan's chief executive, was being very cautious in his assessments at the end of last week. "We were happy as we were, and very confident about our fnture as an independent firm," he said. "We are now in e new situation which is not of our own making. But this management is not going to behave irresponsibly. Wa will explore what they can bring to us."

Much of this coolness stems from Morgan's feeling of powerlessness in the face of the wishes of e large shareholder. Willis Faber had always said it would consult Morgan before selling its stake, and Mr Roger Elliott, Willis's chairman, kept Mr Craven informed ebout the talks with Indosuez.

In the early stages of the negotiations, Indosuez even made the purchase conditional on the approval of Morgan's board. But Morgan made no secret of its concern about the deal, and this condition was dropped when it became clear that Morgan management might object. Indosuez was also worried about a competing bid. In the end Morgan had no say in the sale at all.

The fact is that Morgan views Indosuez as e competitor. Despite the ties that exist between the two institutions (Mr Antoina Jeancourt-Galignani, Indosuez's chairman, was a member of Morgan's international advisory board for a while, and the two banks have held co-operation talks at least twice in the past), they both aim at ths top end of the international corporate finance market. In particular, they both advise multinational companies on their mergers and acquisitions, something which is bound to accelerate as the integration of the European market proceeds.

Another reason is that the sale comes just as Morgan is trying to consolidate its independent position after making wrenching strategic changes a year ago. Last December, Mr Craven made the bold bnt painful decision to shut Morgan's loss-making securities business and switch its focus back to its traditional strengths: corporate financa, banking and fund management.

Lydia van der Meer

John Craven: "This management is not going to behave irresponsibly. We will explore what they bring to us."

This resulted in a dramatic shrinkage of Morgan's staff and balance sheet and forced the company to lower its sights from becoming an integrated investment bank along the lines of UK competitors such as S.G. Warburg and Kleinwort Benson. But it gave a strong boost to morale and profits, and helped Morgan shake off the lingering malaise from the Guinness and Collier scandals of 1986-87.

The growing stress on advisory work also put a premium on its independence, a quality which has become much more highly prized in the London market in reaction to the conglomeration trend started by Big Bang in 1986.

In practice, Morgan has seldom generatad much business through its shareholders. The Morgan "family", including Morgan Guaranty and Morgan Stanley of New York which owned nearly a third of Morgan Grenfell, was disbanded in 1981 because it was not leading anywhere.

Similarly, Morgan's relationship with Deutsche Bank, which owns 4.9 per cent, has been unfruitful. Indeed, there is a strong likelihood that Deutsche will now sell its stake rather than seek to increase it.

Mr Jeancourt-Galignani says of Morgan's coolness: "We are concerned about it obviously. But we're ready to show a lot of patience. We think we have got a good project to offer to them. We are also open to ideas from their side."

Indosuez's plans for Morgan are contained in e long letter which Mr Jeancourt-Galignani presented to Mr Craven at the end of last week. It points out that the two organisations are roughly the same size and that they have similar core businesses, in corporate finance and asset management.

But while Morgan views these as competitive, Indosuez sees them as complementary. Indosuez also thinks that its strengths in money market and foreign exchange dealings, as well as equity brokerage, are a plus for Morgan.

Geographically, too, Indosnez sees a good fit, with Morgan traditionally strong in the Anglo-Saxon world, the UK and the US, and Indosuez strong on the Continent.

Indeed, there is considerable logic to Indosuez's plan, and the growing international web of alliances created by French banks in the last year or two highlight a definite trend. But this has yet to cut much ice with Morgan's management. If Indosuez does decide to press its suit with a reluctant partner, it will have to reckon with the danger that Morgan's most valuable talent will walk out of the door.

"There may be differences of culture, but we are in the same industry," says Mr Jeancourt-Galignani. "That is why we can bring business to each other."

INTERNATIONAL COMPANIES AND FINANCE

Elkem down in quarter, but ahead at nine months

By Karen Fossli in Oslo

ELKEM, the world's biggest supplier of ferroalloys and silicon metal, saw profits before extraordinary items jump three-fold to NKr1.03bn ($149.7m) in the first nine months of this year from NKr392m in the same period of 1988.

Operating profit rose to NKr1.149bn from NKr732m.

However, operating profit in the third quarter slipped to NKr223m from NKr299m last time as Elkem felt the impact of a decline in prices for its main products amid rising costs for aluminium oxide and manganese ore.

Net profits before extraordinary items in the third quarter slid to NKr161m from NKr177m while sales dipped to NKr2.4bn from NKr2.61bn.

Net financial expenses for the nine-month period reached NKr199m, including gains of NKr76m on sales of securities and a NKr1m foreign exchange loss. In 1988 financial expenses were NKr392m.

Elkem said consumption of ferroalloys was high because of an increase in steel production, but ferrosilicon prices suffered a "significant" fall in the third quarter and a further dip in the final quarter was forecast.

Prices for manganese alloys had held up during the third quarter but Elkem forecast they would come under pressure in the fourth quarter.

● Dyno Industrier, the diversified Norwegian group with main interests in chemicals, increased earnings in the first nine months by 15 per cent to NKr247m on turnover up 10 per cent to NKr4.6bn.

The group, which lifted operating profits by NKr25m to NKr324m, forecast improved earnings for the year.

Navigation Mixte shares pass Paribas offer price

By George Graham in Paris

SHARES IN Compagnie de Navigation Mixte, the French food-to-finance conglomerate which is the target of a FFr22.5bn ($3.6bn) bid from the Paribas investment banking group, rose sharply in the stock market yesterday, climbing well out of reach of Paribas' offer price.

Navigation Mixte's shares had been suspended for a week while the stock exchange council considered the Paribas offer. However, in the first day of trading they soared at one point to FFr1,990, 7.6 per cent above the FFr1,850 bid by Paribas, before closing at FFr1,908.

Trading was heavy, with 342,000 shares, or around 3.5 per cent of the company's capital, changing hands, all at least 3 per cent more than Paribas's offer price.

Mr Marc Fournier, Navigation Mixte's chairman, last week dismissed the offer as inadequate and said friendly shareholders represented on his board held close to the majority of the capital.

Marc Fournier: dismissed the offer as inadequate

Allianz, the West German insurance giant which last month agreed to buy half of Navigation Mixte's insurance interests for FFr6.5bn, is one of the board members; it announced yesterday that it had received the approval of the French banking supervisory authorities to take its stake in the parent company to between 20 and 33.3 per cent. It is currently around 5 per cent.

The company said it had wanted to give itself freedom to manoeuvre and would use this freedom if the circumstances in the days to come made it necessary.

Allianz had appeared last week to want to remain neutral between Mr Fournier and Paribas, of which it has traditionally been a client. However, in its statement yesterday, it noted that its representative on Navigation Mixte's board had subscribed to the board resolution declaring the offer to be too low.

Paribas already owns 18.7 per cent of Navigation Mixte and it is bidding to take this total to 66.7 per cent. Some investors are therefore worried that even if they do tender their shares to the offer, they will be scaled back.

European venture boosts Whirlpool

By Roderick Oram in New York

WHIRLPOOL, the world's largest maker of major domestic appliances, has reported sharply higher third-quarter earnings with increased productivity and price increases compensating for lower US sales volume.

The Michigan company also benefited from its appliance joint venture with Philips of the Netherlands established last year and a good performance from its Brazilian operations.

Net profits for the three months ended September rose to $46.7m or 68 cents a share, from $31.5m or 45 cents a year earlier which included a $5.1m loss from a discontinued operation. Revenues advanced to $1.5bn from $1.18bn.

North American operations suffered lower sales volume "in a sharply declining and highly competitive US market." The company compensated, though, with cost controls, higher productivity and price increases. Operating profits rose to $88.7m from $68.5m a year earlier.

Whirlpool expects US market volume to decrease by a further 2 to 4 per cent this quarter but begin to recover slowly next year.

Sales volume at Whirlpool International, the joint venture with Philips, grew faster than that of the European market as a whole. Stiff competition and higher material costs put pressure on operating margins but the venture still contributed to group profits.

Whirlpool includes in its results all the venture's revenues but 53 per cent of its profits.

"Our focus on flexibility, cost control, productivity and integration of our businesses has allowed us to respond quickly to the marketplace," said Mr David Whitwam, chairman.

Operating earnings for the nine months ended September were $288.1m, against $308.6m, and net profits were $137.8m, or $1.99, against $106.1m, or $1.53, including a $14.3m loss from a discontinued operation. Revenues were $4.72bn against $3.4bn.

● Foster Wheeler, the US engineering and construction group, lifted third-quarter net income to $8.2m from $4.2m on revenues of $311m, against $254.1m. Per share earnings rose to 17 cents from12 cents.

Nine-month net income rose to $24m from $21m, lifting per share earnings to 68 cents from 60 cents. Revenues for the period increased to $941.8m from $782.1m.

Chrysler warns of plant closure

By Martin Dickson in New York

CHRYSLER, North America's third largest US car manufacturer, is studying the closure of at least one assembly plant because of production over-capacity in the US market, Mr Lee Iacocca, the chairman, has warned.

He added that the company was not eliminating any products from its future schedule but some vehicle programmes might be delayed.

A company official, elaborating on Mr Iacocca's remarks, which were made in an interview with Automotive News, said no major products would be affected by any delays. However, several lower priority models might be put back a few months, for example from the second half of 1992 to 1993.

All three big US car manufacturers are facing declining sales, increased competition from Japanese plants in the US and heavy price cutting. The pressures were reflected last week in sharply lower third-quarter figures.

Chrysler has been warning for some time that plant shutdowns were inevitable because of overcapacity in the market.

It has set in motion a $1bn cost reduction programme, to be completed by the end of next year, which is designed to make it the lowest cost US producer.

The group has also asked top executives to join a plan which could cut their salaries by between 5 and 10 per cent if the cost reduction target is not met.

The company is seeking to eliminate 2,300 white collar jobs, cutting the salaried workforce by 8.5 per cent. Many of these are likely to be achieved by programmes such as early retirement, although Mr Iacocca anticipates a limited number of lay-offs of salaried staff.

Problems on minerals side hit Noranda

By Robert Gibbens in Montreal

NORANDA, Canada's largest resource group, suffered a 27 per cent drop in profits in the third quarter after being hit by problems in its mineral operations, heavy interest costs and a lower contribution from forest products.

Earnings were C$101m (US$86m) or 49 cents a share, down from C$139m or 72 cents a year earlier, on revenues of C$2.2bn, down 4 per cent. Profit for the nine months was C$384m or C$1.94 a share, against C$453m or C$2.36 a year earlier on revenues of C$6.9bn, up 2 per cent.

Only the oil and gas division provided a higher contribution in the third quarter.

Noranda, which will bring in half the earnings of Falconbridge in its fourth quarter, expects profits for all 1989 to exceed those for 1988.

● Nova Corporation, the western energy and petrochemical group, earned only C$7m in the third quarter, before preferred dividends, down from C$127m or 51 cents a year earlier.

A 30 per cent drop in petrochemical prices, plant operating problems and a heavier interest burden more than offset higher earnings from gas transmission.

Nine-month profit was C$212m or 80 cents, compared with C$298m or C$1.26 a year earlier on revenues of C$3.6bn, against C$2.6bn.

● Great-West Lifeco, the jewel of Montreal financier Mr Paul Desmarais's financial services arm, boosted profit by 22 per cent in the first nine months of 1989.

The company does more than half its business in the US, and it said recovery in the US group health insurance market accounted for most of the gain. Great-West increased its market share with new product groups.

Nine-month earnings were C$84.6m or C$1.09, up from C$69.3m or 89 cents a year earlier on revenues ahead 12 per cent at C$4.1bn. Third-quarter earnings were C$34.8m or 44 cents, up 34 per cent.

● Dofasco and Stelco, Canada's two biggest steel companies, are feeling the impact of a decline in steel prices, averaging around 1.5 per cent in recent months.

Dofasco, the leader in sheet steel, turned third-quarter earnings to C$67.5m or 94 cents a share, up 19 per cent from a year earlier while revenues rose 21 per cent to C$925m.

The group saw a surge in orders during third quarter and will still post a strong 1989, but its earnings are expected to decline in next year.

Steel industry volume is being hit by slower economic growth, lower car production and poor demand from the energy sector.

Stelco's profit was down 22 per cent to C$22.7m or 54 cents a share in the third quarter, while revenues gained 4 per cent to C$662m. For the nine months Stelco still held a gain of 16 per cent to C$83.3m or C$42.05 on revenues of C$2.1bn.

● TransCanada PipeLines, controlled by BCE of Canada, is moving its executive offices from Toronto to Calgary because of high operating costs in Toronto. It also wants to be nearer the gas producers it serves.

TCPL operates Canada's main gas pipeline from Alberta to Montreal. It also has a large oil and gas producing subsidiary.

The company hopes to achieve a 10 per cent reduction in operating costs by moving 700 Toronto headquarters personnel to Calgary.

COMPANY NOTICES

INTERNATIONAL COMPANIES AND FINANCE

Kredietbank bolstered by corporate business

By Tim Dickson in Brussels

KREDIETBANK, the Belgian commercial bank with its heart in the Flemish half of the country, announced yesterday that net profits jumped 18.7 per cent to BFr2.7bn ($70.3m) in the six months ended September, due in part to the favourable economic climate over the period.

Growth in earnings per share and balance sheet totals was less spectacular, at 9.1 per cent and 13.1 per cent respectively.

Kredietbank said the recent broadening of its "solvency base" had bolstered overall activities, with the strongest progress in credit business, notably to corporate customers. Total credit to businesses and private customers rose 25.7 per cent to BFr565bn in the year to September.

Customer deposits over the same period expanded by 12.3 per cent to BFr632bn although the collection of classic deposits on the domestic market was held back somewhat, due to the slower formation of financial savings and the growing attraction of alternatives such as mutual funds and SICAVs, a popular form of investment fund.

The bank added that everything pointed to the positive trend continuing during the second half, indicating that the current financial year would post earnings growth of more than 15 per cent.

Ebro up 61.2% at Pta12.4bn

EBRO, one of Spain's largest foods companies, has reported net profits of Pta12.4bn ($106m) for the year ended April 30, a 61.2 per cent rise on the previous 12 months, writes our Madrid staff.

Ebro, primarily a sugar refiner until it was taken over last year by the Torras Hostench group, has since diversified into rice, canned vegetables and distribution. Torras is 40 per cent owned by the Kuwait Investment Office.

Ebro said turnover had grown 7.4 per cent to Pta60.3bn.

Imaging medium helps lift Hafslund to NKr243.5m

By Karen Fossli in Oslo

HAFSLUND Nycomed, Norway's second-largest publicly quoted company which is best known for its X-ray contrast media, lifted third-quarter net profits before extraordinary items to NKr243.5m ($35.4m) from NKr181.8m in last year's period.

Group operating revenue increased slightly to NKr646.3m from NKr641.4m.

At the nine-month stage operating profit advanced 16 per cent to NKr751m from NKr647m. Group operating revenue rose by 13 per cent to NKr2.17bn from NKr1.93bn.

Hafslund realised gains of NKr129m from share and bond sales. Its share portfolio is estimated to be between NKr500m and NKr600m.

Strong recent growth is attributed mostly to the success of Omnipaque, a non-ionic contrast medium for enhancing X-ray pictures, which is the backbone of the company's imaging division. In recent years contrast media have been replacing older, riskier ionic products.

After nine months the imaging segment posted revenues of NKr1.06bn, up 16 per cent. Operating profits increased 14 per cent to NKr500m from NKr441m.

Royalties increased to NKr269m from NKr207m while research and development costs climbed to NKr139m from NKr128m. Hafslund said development of sales and royalties in the fourth quarter would be positive in comparison with previous quarters.

The pharmaceuticals division increased nine-month revenue to NKr284m from NKr247m but operating profit slid to NKr19m from NKr30m because of research and development costs. Operating revenue for the energy division slipped in the nine-month period to NKr418m from NKr434m, a result of low surplus power prices. However, operating profit increased to NKr146m from NKr141m.

The metal division experienced a drop in operating revenue to NKr307.8m from NKr338.6m in the nine months although operating profit more than doubled to NKr97.9m from NKr43m.

MoDo raises profits by 47%

By John Burton in Stockholm

MODO, Sweden's third-largest pulp and paper company, yesterday reported profits after financial items up 47 per cent to SKr1.27bn ($198.7m) in the first eight months of 1989 from SKr866m a year earlier.

The improvement was partly due to lower foreign exchange losses on the company's long-term loans. If that factor is excluded, profits rose by 28 per cent, mainly reflecting higher pulp prices.

Revenues fell 3 per cent to SKr12.37bn from SKr12.79bn after the sale this year of the consumer products division Holmen Hygiene, whose income is not included in the eight-month report.

MoDo predicted that although its profits for 1989 would be better than last year's SKr1.6bn, profit growth after September would be lower than during the rest of the year due to weaker demand and climbing production costs in Sweden.

The forecast indicated that MoDo profits would not reach the SKr2bn to SKr2.3bn level analysts had been predicting. The price of MoDo's free "B" shares fell on the Stockholm bourse yesterday from SKr340 to SKr315.

Operating profits improved by 27 per cent in the latest period to SKr1.93bn. Profits for pulp climbed by 64 per cent to SKr1bn due to strong global demand.

However, MoDo's newsprint and fine paper divisions suffered falls in profits because overcapacity in these segments prevented the company from raising prices enough to compensate for cost increases.

Newsprint profits were down by 21 per cent to SKr440m, while profits for fine paper declined by 10 per cent to SKr191m. Profits for the cardboard division rose by 13 per cent to SKr265m based on good demand.

Mannesmann targets Krauss-Maffei

By Our Financial Staff

MANNESMANN, the West German engineering group, confirmed yesterday that it wanted to buy a majority stake in Krauss-Maffei, the tank-maker and armaments concern. It said it was negotiating with tbe state of Bavaria, Krauss-Maffei's largest shareholder with around 35 per cent.

Both Kranss-Maffei and Mannesmann declined to give details of the talks, which Mannesmann said were still at an early stage.

A variety of candidates have recently been rumoured to be interested in Krauss-Maffei, inclnding Diehl, a privately-owned West German armaments group.

A restructuring of Krauss-Maffei was made necessary after tbe Bonn Government asked the aerospace group Messerschmitt-Bölkow-Blobm to sell its 12.5 per cent stake in the tank-maker.

The sale was one of the conditions imposed by Bonn on tbe takeover of MBB by Daimler-Benz.

According to tbe West German weekly Der Spiegel, Mannesmann will share control of Krauss-Maffei with Nuremberg-based Diehl. Deutsche Bank, which owns 10 per cent of Krauss-Maffei and has close links with both Mannesmann and Diehl, was said to be arranging the deal.

Nixdorf to cut further jobs despite higher sales

By Our Financial Staff

NIXDORF, the West German computer maker, said yesterday it planned to cut more jobs, altbough it gave no details apart from saying the rednctions would be made in the production and development sectors.

The company said it needed bigger cost cuts, in spite of a 5 per cent increase in group turnover in the first nine months of this year compared with the 1988 period.

Nixdorf's group workforce had fallen at the end of September 1989 by 1,699 employees after peaking at 31,262 in November 1988.

The company said it had to make considerable efforts to achieve a positive operating result in the second half. It added that althongb costs were held down in the first nine months, personnel costs were 6 per cent above those of the comparable 1988 period.

Nixdorf has already announced it made an operating loss of DM297m ($162.2m) in the first half of this year, but expects to break even in 1990. It plunged into an operating loss of DM59.8m in 1988 after a net profit of DM330.6m a year earlier.

Karstadt sees earnings pegged

KARSTADT, the biggest West German retail chain, said it expected 1989 earnings to reach at least last year's level, based on a 4.6 per cent rise in gronp domestic sales in the first nine months of 1989 from the year-ago period, reports our Financial Staff.

In an interim report to shareholders, Karstadt said it expected to meet 1989 targets, in spite of lower earnings in mail order and travel business.

Karstadt's 1988 parent net profit fell to DM89.8m ($49.1m) from DM119.8m dne to restructuring expenses. The group said in June it expected 1989 profits to be above 1988's.

Parent company sales, excluding the travel business, rose 3.1 per cent to DM7.07bn.

Finnair signs co-operation pact with SAS, Swissair

By Enrique Tessieri in Helsinki

FINNAIR, Finland's national flag carrier, has signed a co-operation agreement with Scandinavian Airlines System (SAS) and Swissair to enhance their market position in the next decade in the face of stiff competition.

Practical co-operation between the three companies will become effective on March 25 1990, as the summer timetable begins.

Co-operation will inclnde increasing air travel in Scandinavia as well as new non-stop flights between the Nordic countries and Switzerland.

"Helsinki will be connected to soma 100 destinations around the world," said Mr Jan Carlzon, president of SAS. "It would be impossible for Finnair to establish snch links alone."

Finnair also signed last week a five-year (1990-95) co-operation agreement with Aeroflot, the Soviet airline. "The co-operation with Aeroflot is not on such a global basis as is the case with SAS and Swissair," said Mr Antti Potila, chief executive of Finnair. "It is an agreement to co-operate with air travel between Finland and the USSR."

Both Finnair and Aeroflot will also develop transatlantic travel between North America through Helsinki to Moscow.

In the SAS-Swissair agreement, Finnair will have the opportunity to become a shareholder in Scandinavian International Hotels by purchasing part of a $200m SIH private placement.

If this materialises, Finnair will also become a direct shareholder in the Inter-Continental hotel network, 40 per cent owned by SAS.

Mr Potila and Mr Carlzon would not state what kinds of cross-shareholdings would link Finnair with the other airlines. These would first have to be discussed by the companiee' boards, they said.

Finnair, whose group turnover reached $1.10bn in 1988 and which has a fleet of 35 aircraft, is the smallest airline of the three. Group turnover for SAS was $4.2bn last year and $3.1bn for Swissair.

Himont and Statoil begin $250m plastics facility

By Karen Fossli in Oslo

NORTH SEA Petrochemicals, a 50-50 joint venture between Himont of the US and Statoil, the Norwegian state oil company, has begun construction of the world'e first vertically-integrated polypropylene complex.

The $250m complex will use propana and refinery grade propylene to produce 180,000 tonnes annually of polypropylene, a versatile plastic, from the middle of next year. By autumn 1991 a dehydrogenation facility will produce propylene at an annual rate of 400,000 tonnes a year.

Mr Alexander F. Giacco, chairman of Himont, the world's largest producer of polypropylene resins, said the European market for polypropylene was expanding by nearly 10 per cent a year. North Sea Petrochemicals is planning to expand the project but would not give furthar details.

The venture has provided Statoil with a stable outlet for the supply of propane feedstock which it produces in the Norwegian North Sea. Mr Tore Tonne, president of Statoil's petrochemicals division, has said that from 1988 to 1995 his company could invest between NKr8bn ($1.2bn) and NKr10bn in petrochemicals, including methanol prodnction and MTBE production, used to make high-octane fuel.

For Himont, the joint venture is its largest-ever single investment in one facility, while for Statoil, North Sea Petroleum marks the company's first petrochemical investment outside Scandinavia.

Spot oil prices take Neste to FM23.3bn

NESTE, the Finnisb state-owned oil and chemicals group, said net sales for the first eight months of 1989 increased to FM23.33bn ($5.55bn) from FM18.19bn in tha same period last year, writes Enrique Tessieri.

Operating profits advanced to FM2.18bn from FM1.53bn while profit before reserves and tax also improved to FM1.45bn from FM742m.

Neste officials attributed the improved result to the increase of global spot oil market prices over last year.

Divisions tbat returned increased sales included trading and supply (up from FM7.65bn to FM11.51bn), chemicals (from FM3.62bn to FM4.54bn) and oil marketing (from FM2.47bn to FM2.73bn).

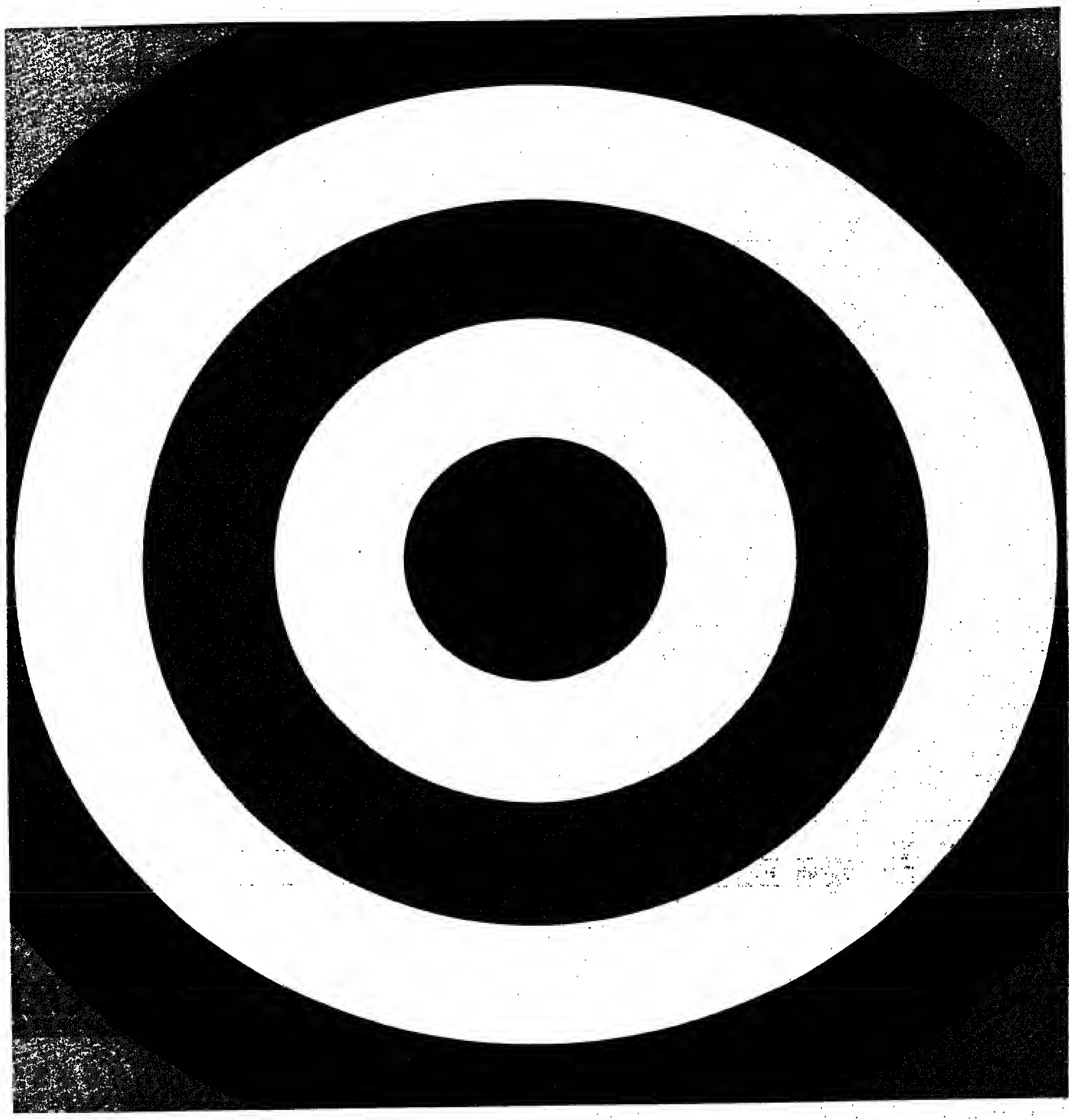
Lufthansa to buy into Austrian Airlines

LUFTHANSA HAS agreed to buy a 10 per cent stake in Austrian Airlines wben the Austrian Government continues its sell-off next spring of parts of the state-controlled air carrier, Austrian Airlines said yesterday.

Swissair, the Swiss national carrier, will at the same time raise its stake to 10 per cent from 8 per cent, AP-DJ reports.

The two other foreign airline shareholders in Austrian Airlines – Air France with 1.5 per cent and All Nippon Airways with 3.5 per cent – will not increase their holdings.

The Austrian Government sold an initial 25 per cent to mostly Austrian institutional investors in 1988 and in a second stage earlier this year further reduced its holding to 61.4 per cent. The next step will leave the Government with 51.9 per cent of the airline.



INTERNATIONAL COMPANIES AND FINANCE

Qintex awaits independent report

By Chris Sherwell in Sydney

THE FUTURE of Mr Christopher Skase's Qintex media and resorts empire is unlikely to be clarified until next week at the earliest, following the appointment of an independent authority to scrutinise the group's finances.

The appointment of Mr David Crawford of Peat Marwick Hungerford, the accounting firm, was agreed last Friday after a meeting between Qintex and a consortium of bank lenders led by Wardley Australia, part of the Hong-kong Bank group.

Mr Crawford's review of the group's financial position and business plan is expected to take several days, and means neither Qintex Australia nor its parent, Qintex Ltd, are likely to report their results for the year to July before today's deadline.

Qintex Australia has already announced it intends to raise A$600m (US$468.7m) through the sale of several assets; a 51 per cent stake in its three Mirage resorts in Queensland and Hawaii, its Adelaide metropolitan television station and two regional stations in Queensland.

The sales are designed to meet a A$200m cash shortfall resulting from rising interest rates, the domestic pilots' dispute, a failed A$110m sale of the regional stations and the collapse of a US$1.5bn acquisition of MGM/United Artists Communications in the US.

It is being assumed that Mr Skase's lenders, after lengthy negotiations, decided last week to furnish some short-term liquidity to tide the group over the next few days, pending Mr Crawford's findings.

But no formal statement has emerged and the National Companies and Securities Commission (NCSC), Australia's market watchdog, has pressed Mr Skase for assurances that the group is solvent, particularly in light of the failed Queensland television deal.

That sale was supposed to be to Mr Paul Ramsay's Ramcorp. Finance was to be provided by DFC in New Zealand, which has itself failed.

Also chasing information last week was the Australian Stock Exchange, which suspended Qintex Australia and Qintex Ltd from trading. In response, Mr Skase detailed the proposed asset sales and a plan to merge the two companies.

Unexpectedly, he also revealed payments totalling A$42m made by Qintex since August 1988 to a company controlled by him and his senior executives.

The payments prompted the recent resignation of two independent directors of Qintex, and the NCSC has since said it wishes to know more about these – specifically whether they were properly authorised by directors and shareholders.

Separately, the Australian Broadcasting Tribunal has entered the controversy, seeking to examine the finances of Qintex as operator of the Channel Seven commercial network. The tribunal is responsible for licensing television station operators.

Malaysia cuts links with SE in Singapore

By Lim Siong Hoon in Kuala Lumpur

THE Kuala Lumpur and Singapore stock exchanges are facing the trauma of separation, following the Malaysian Government's decision to end their 25-year relationship. The 182 Malaysian companies on the Singapore Stock Exchange (SES) have been ordered to delist immediately.

The Malaysian decision, announced in last week's budget speech by Mr Daim Zainuddin, the Finance Minister, was made unilaterally.

As yet, neither Mr Daim nor the Singapore Government have stipulated whether the 52 Singaporean companies on the Kuala Lumpur Stock Exchange, the KLSE, should leave.

Although there are three times as many Malaysian companies on the SES than Singapore has on the KLSE, the individual proportion of market worth at each exchange is nearly the same.

In June Malaysian companies accounted for 37 per cent of the SES's market capitalisation of S$123bn (US$62.2bn). Similarly, Singaporean companies make up 37 per cent of the KLSE's 123bn ringgit ($45.7bn) in market capitalisation.

While Mr Daim's reasons for withdrawing Malaysian companies from Singapore bore tinges of nationalism, there were also practical considerations.

The Kuala Lumpur market always seemed, even to Malaysians, as a poor second to its Singapore sister exchange, and Mr Daim admitted as much. He cited two past instances; in 1985 when trading at the KLSE was suspended following the closure at the SES and again in 1986, when Malaysian share prices plummeted during a holiday because of a selling spate in Singapore the same day. "This has made the KLSE highly vulnerable to developments in Singapore," Mr Daim said.

The separation, by the minister's admission, was a "natural and logical development," considering that Malaysian companies had been permitted since 1987 to be quoted in Kuala Lumpur only.

For nine years, until 1973, the Malaysian and Singapore markets were a single entity. After that companies from the two countries were routinely listed on both exchanges.

However, an order to Malaysian companies not to list on a foreign exchange, specifically Singapore, has its contradictions as local companies are now encouraged to float in the larger markets of London and elsewhere.

Malaysian companies still retain the legal right to list in an overseas market as securities and company laws do not forbid flotation overseas. But no company is expected to buck a government order.

The immediate effect of the market divorce is likely to be a greater fall in trading volume than in prices.

For the past two years the market separation has been a frequent topic of public debate. Some of the strongest proponents for the split have been Malaysian stockbrokers, whose brokerage fee is 1 per cent, compared with 0.5 per cent earned by Singaporeans.

The KLSE management said it had been losing considerable business to the SES, which has access to Singapore's more organised links to institutional investors both domestically and overseas.

But companies have opposed the separation, claiming dual listing allows them to tap a wider capital market and have access to Singapore's stronger financial connections. It may be precisely because of the second point that the Malaysian Government wants the relationship severed, even at the expense of the first.

A large inflow of investment funds from Japan, Taiwan and Hong Kong has begun, partly through Singapore. With more Malaysian companies now seeking flotation, Mr Daim said, the separation "will make the KLSE one of the leading stock exchanges in the region."

Amada boosts interim profit to Y13.6bn pre-tax

By Robert Thomson in Tokyo

AMADA, the Japanese metalworking machine maker, announced an 86.3 per cent increase in pre-tax profit to Y13.6bn ($95.8m) for the first half to end September, after significant increases in sales of core products and improvement in the cost-to-sales ratio.

Sales for the period rose 19.2 per cent to Y72.16bn, with sales of sheet metalworking machines up 25.2 per cent.

For the year to end March 1990 the company expects profit will rise 57 per cent to Y27.5bn.

Isetan registers stagnant sales

ISETAN, the Japanese department store operator, announced a pre-tax profit of Y4.36bn ($30.7m) for the first half of a new accounting period to end September, reflecting the growth reported by most store operators, writes Robert Thomson.

Sales for the six months rose only 2 per cent compared with the previous April-September period. Pre-tax profit for the full year is expected to be Y15bn, up 4.2 per cent.

Telecom Australia at record

By Chris Sherwell

TELECOM Australia, the country's state-owned domestic telecommunications corporation, has reported a 25 per cent increase in operating profit to a record A$973m (US$760m) for the year to June.

The result, published in Telecom's annual report, tabled in Parliament yesterday, was achieved on revenues of A$7.98bn, up from A$7.19bn. According to Mr Alex Morokoff, chairman, this reflected steady growth in demand for telecommunications services.

A record 682,900 new telephone services were connected, up 40,000 on the previous year. This included a trebling to 95,000 in the number of services connected to Telecom's cellular mobile telephone network, and a 30 per cent growth in connections to its digital data network.

Mr Mel Ward, managing director, said the average charge for a basic service rose by 1.2 per cent over the year, significantly less than the inflation rate.

Telecom also expects no increase in call charges in the current year.

But according to the political opposition, the result reflects Telecom's monopoly and shows there is considerable scope for cuts in the rates charged for local and trunk calls without jeopardising the corporation's investment programme.

Under arrangements operating since July, Telecom has kept its monopoly control over the basic network, including first-telephone installation, pay-phone services and the cellular mobile network. But it competes to supply PABX systems, facsimile machines, modems, cellular phones and other equipment.

Singapore Airlines climbs to S$610m

By Our Financial Staff

SINGAPORE AIRLINES, the biggest listed company in Singapore, said group profit after taxes and minority interests rose 34.4 per cent to S$610.3m (US$311m) in the six months ended September 30, from S$454.1m a year earlier. Revenues totalled S$2.47bn, compared with S$2.22bn in the previous period.

The airline said it would pay its first interim dividend, of 10 per cent, which would amount to S$42.1m.

Last week it announced an agreement under which it will buy 2.6m shares of Delta Air Lines of the US, with Delta acquiring an equivalent stake in SIA, at a cost to each airline of about US$180m.

Mr J.Y. Pillay, SIA chairman, said the group expected to reach a similar agreement with a European carrier within six months.

The increased profit was attributable to higher traffic, improved net investment income, lower depreciation charges and a surplus of S$90.8m from the sale of a Boeing 747-200 aircraft. There was no aircraft sale in the year-earlier period.

The airline expects to maintain buoyant traffic growth in the current year ending March 31, contributing to further improvement in its already strong net cash position.

It stressed advance bookings were strong but noted that aviation fuel prices had been rising steadily since July 1989. These were expected to be firm for the rest of the year.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, October 30, 1989. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	99.25	62.8761	34.2241	44.2586
Albania	(Lek)	10.0667	6.3773	3.4712	4.4890
Algeria	(Dinar)	12.6469	8.0119	4.3610	5.6396
Andorra	(Fr Fr)	9.8425	6.2353	3.3939	4.3890
	(Sp Peseta)	184.60	116.9464	63.6551	82.3188
Angola	(Kwanza)	47.006e	29.9180	16.2689	20.9614
Antigua	(E Carr $)	4.25	2.7000	1.4655	1.8952
Argentina	(Austral)	1013.13	642.2500	349.3581	451.7859
Aruba	(Florin)	2.8144u	1.7800	0.9706	1.2550
Australia	(Aus $)	2.0168	1.2773	0.6954	0.8993
Austria	(Schilling)	20.415	12.9331	7.0396	9.1036
Azores	(Port Escudo)	249.05	157.7763	85.8793	111.0590
Bahamas	(Bahama $)	1.5785	1	0.5443	0.7039
Bahrain	(Dinar)	0.5935	0.3758	0.2045	0.2645
Balearic Is	(Sp Peseta)	184.60	116.9464	63.6551	82.3188
Bangladesh	(Taka)	49.00	31.0421	16.8965	21.8506
Barbados	(Barb $)	3.1634	2.0113	1.0900	1.4102
Belgium	(Belg Fr)	60.85c	38.5492	20.9827	27.1348
		61.00g	38.6442	21.0344	27.2017
Belize	(B $)	3.1466	2	1.0843	1.4078
Benin	(CFA Fr)	492.13	311.7706	169.7000	219.4559
Bermuda	(Bermudian $)	1.5785	1	0.5443	0.7039
Bhutan	(Ngultrum)	26.50	16.7880	9.1379	11.8171
Bolivia	(Boliviano)	4.5361	2.8736	1.5641	2.0229
Botswana	(Pula)	3.0050	1.9017	1.0568	1.3667
Brazil	(Cruzado)	8.0908	5.1255	2.7899	3.6079
British Virgin Is	(US $)	1.5785	1	0.5443	0.7039
Brunei	(Brunei $)	3.0873	1.9558	1.0645	1.3767
Bulgaria	(Lev)	1.3344	0.8453	0.4601	0.5950
Burkina Faso	(CFA Fr)	492.13	311.7706	169.7000	219.4559
Burma	(Kyat)	10.7780	6.8280	3.7165	4.8062
Burundi	(Burundi Fr)	251.50	159.3284	86.7241	112.1516
Cameroon	(CFA Fr)	492.13	311.7706	169.7000	219.4559
Canada	(Canadian $)	1.8555	1.1754	0.6398	0.8274
Canary Is	(Sp Peseta)	184.60	116.9464	63.6551	82.3188
Cp. Verde Is	(CV Escudo)	125.87	79.7402	43.4034	56.1295
Cayman Is	(CI $)	1.3050u	0.8300	0.4500	0.5819
Cent. Afr. Rep	(CFA Fr)	492.13	311.7706	169.7000	219.4559
Chad	(CFA Fr)	492.13	311.7706	169.7000	219.4559
Chile	(Chilean Peso)	427.66	270.9280	147.4689	190.7068
China	(Renminbi Yuan)	5.8624	3.7139	2.0215	2.6142
Colombia	(Col Peso)	651.73	412.8793	224.7344	290.6265
Comoro Is	(CFA Fr)	492.13	311.7706	169.7000	219.4559
Congo (Brazz)	(CFA Fr)	492.13	311.7706	169.7000	219.4559
Costa Rica	(Colon)	130.74	82.8254	45.0827	58.3010
Cuba	(Cuban Peso)	1.2528	0.7936	0.4320	0.5586
Cyprus	(Cyprus £)	0.7795	0.4938	0.2687	0.3476
Czechoslovakia	(Koruna)	23.79c	15.0712	8.2034	10.6086
		15.34i	9.7180	5.2896	6.8405
		15.34t	9.7180	5.2896	6.8405
Denmark	(Danish Kroner)	11.2875	7.1507	3.8922	5.0334
Djibouti Rep	(Djib Fr)	279.00	176.7500	96.2068	124.4147
Dominica	(E Carrib $)	4.25	2.7000	1.4655	1.8952
Dominican Rep	(D Peso)	10.5460	6.6810	3.6365	4.7027
Ecuador	(Sucre)	890.73o	564.2888	307.1482	397.2040
		921.05a	583.4969	317.6034	410.7246
Egypt	(Egyptian £)	4.10	2.5974	1.4137	1.8283
El Salvador	(Colon)	7.8975	5.0031	2.7232	3.5217
Equat'l Guinea	(CFA Fr)	492.13	311.7706	169.7000	219.4559
Ethiopia	(Ethiopian Birr)	3.2326	2.0478	1.1146	1.4415
Falkland Is	(Falk $)	1.00	0.6335	0.3448	0.4459
Faroe Is	(Danish Kroner)	11.2875	7.1507	3.8922	5.0334
Fiji Is	(Fiji $)	2.3665	1.4992	0.8160	1.0552
Finland	(Markka)	6.7113	4.2460	2.3142	2.9927
France	(Fr)	9.8425	6.2353	3.3939	4.3890
Fr. Cty/Africa	(CFA Fr)	492.13	311.7706	169.7000	219.4559
Fr. Guiana	(Local Fr)	9.8425	6.2353	3.3939	4.3890
Fr. Pacific Is	(CFP Fr)	178.00	112.7662	61.3793	79.3756
Gabon	(CFA Fr)	492.13	311.7706	169.7000	219.4559
Gambia	(Dalasi)	12.039	7.6268	4.1513	5.3686
Germany East	(Ostmark)	2.90	1.8371	1	1.2931
Germany West	(DMark)	2.90	1.8371	1	1.2931
Ghana	(Cedi)	473.10	299.7149	163.1379	210.9698
Gibraltar	(Gib £)	1.00	0.6335	0.3448	0.4459
Greece	(Drachma)	258.38	164.1000	89.0965	115.2196
Greenland	(Danish Kroner)	11.2875	7.1507	3.8922	5.0334
Grenada	(E Carr $)	4.25	2.7000	1.4655	1.8952
Guadeloupe	(Local Fr)	9.8425	6.2353	3.3939	4.3890
Guam	(US $)	1.5785	1	0.5443	0.7039
Guatemala	(Quetzal)	4.5088	2.8563	1.5547	2.0106
Guinea	(Fr)	471.69	298.8216	162.6517	210.3411
Guinea-Bissau	(Peso)	1021.79	[illegible]	[illegible]	[illegible]
Guyana	(Guyanese $)	47.3650(2)	30	16.3296	21.1504
Haiti	(Gourde)	7.8915e	5	2.7216	3.5196
Honduras	(Lempira)	3.1570	2	1.0886	1.4063
Hong Kong	(HK $)	12.3330	7.8080	4.2527	5.4996
Hungary	(Forint)	93.3335	59.1246	32.2529	41.7094
Iceland	(Icelandic Krona)	97.76	61.9322	33.7103	43.5942
India	(Indian Rupee)	26.50	16.7880	9.1379	11.8171
Indonesia	(Rupiah)	2827.13	1791.0231	974.8724	1260.7045
Iran	(Rial)	115.80	73.3600	39.9311	51.6420
Iraq	(Iraqi Dinar)	0.4913	0.3112	0.1694	0.2190
Irish Rep	(Punt)	1.0935	0.6927	0.3770	0.4876
Israel	(Shekel)	3.145	1.9911	1.0837	1.4015
Italy	(Lira)	2125.50	1346.5315	732.9310	947.8260
Ivory Coast	(CFA Fr)	492.13	311.7706	169.7000	219.4559
Jamaica	(Jamaican $)	[illegible]	[illegible]	3.2679	4.2260
Japan	(Yen)	224.25	142.0652	77.3275	100
Jordan	(Jordanian Dinar)	1.0472	0.6634	0.3611	0.4669
Kampuchea	(Riel)	236.775u	150	81.6465	105.5852
Kenya	(Kenya Shilling)	34.10	21.6027	11.7586	15.2062
Kiribati	(Australian $)	2.0168	1.2773	0.6954	0.8993
Korea North	(Won)	1.5251	0.9700	0.5258	0.6800
Korea South	(Won)	1056.90	671.7000	364.4482	471.3043
Kuwait	(Kuwaiti Dinar)	0.4700	0.2992	0.1620	0.2095
Laos	(New Kip)	916.65	580.7095	316.0862	408.7625
Lebanon	(Lebanese £)	684.91	433.8992	236.1758	305.4225
Lesotho	(Maluti)	4.1540	2.6335	1.4324	1.8523
Liberia	(Liberian $)	1.5785	1	0.5443	0.7039
Libya	(Libyan Dinar)	0.4737	0.3000	0.1633	0.2112
Liechtenstein	(Swiss Fr)	2.5375	1.6075	0.8750	1.1315
Luxembourg	(Lux Fr)	60.85	38.5492	20.9827	27.1348
Macao	(Pataca)	12.6820	8.0342	4.3731	5.6552
Madeira	(Port Escudo)	249.05	157.7763	85.8793	111.0590
Malagasy Rep	(MG Fr)	2257.45	1430.1235	778.4310	1006.6666
Malawi	(Kwacha)	4.3315	2.7440	1.4936	1.9315
Malaysia	(Ringgit)	4.2548	2.6935	1.4671	1.8973
Maldive Is	(Rufiya)	14.1665	8.9746	4.8850	6.3172
Mali Rep	(CFA Fr)	492.13	311.7706	169.7000	219.4559
Malta	(Maltese £)	0.5510	0.3490	0.1900	0.2457
Martinique	(Local Fr)	9.8425	6.2353	3.3939	4.3890
Mauritania	(Ouguiya)	134.16	84.9920	46.2620	59.8260
Mauritius	(Maur Rupee)	24.165	15.3088	8.3327	10.7759
Mexico	(Mexican Peso)	4146.53a	2626.8799	1429.8379	1849.0657
		4047.10d	2563.8897	1395.5517	1804.7268
Miquelon	(Local Fr)	9.8425	6.2353	3.3939	4.3890
Monaco	(French Fr)	9.8425	6.2353	3.3939	4.3890
Mongolia	(Tugrik)	5.2759u	3.3555	1.8192	2.3526
Montserrat	(E Carr $)	4.25	2.7000	1.4655	1.8952
Morocco	(Dirham)	13.1639	8.3394	4.5392	5.8701
Mozambique	(Metical)	1286.77	815.1853	443.7137	573.8104
Namibia	(S A Rand)	4.1540	2.6336	1.4324	1.8523
Nauru Is	(Australian $)	2.0168	1.2773	0.6954	0.8993
Nepal	(Nepalese Rupee)	39.31	24.9033	13.5551	17.5295
Netherlands	(Guilder)	3.2725	2.0731	1.1284	1.4593
N'nd Antilles	(A/Guilder)	2.83u	1.8000	0.9758	1.2619
New Zealand	(NZ $)	2.6850	1.7010	0.9258	1.1973
Nicaragua	(Cordoba)	33632.00	21306.3034	11597.2413	14997.5473
Niger Rep	(CFA Fr)	492.13	311.7706	169.7000	219.4559
Nigeria	(Naira)	11.5564	7.3211	3.9849	5.1533
Norway	(Nor. Krone)	10.8600	6.8799	3.7448	4.8428
Oman	(Rial Omani)	0.6057	0.3837	0.2088	0.2701
Pakistan	(Pak. Rupee)	33.00	20.9059	11.3793	14.7157
Panama	(Balboa)	1.5785	1	0.5443	0.7039
Papua New Guinea	(Kina)	1.3625	0.8631	0.4698	0.6075
Paraguay	(Guarani)	1987.85	1259.3284	685.4655	886.4437
Peru	(Intl)	8546.35	5414.2223	2947.0172	3811.0813
Philippines	(Peso)	34.00	21.5394	11.7241	15.1616
Pitcairn Is	(£ Sterling)	1.00	0.6335	0.3448	0.4459
	(NZ $)	2.6850	1.7010	0.9258	1.1973
Poland	(Zloty)	3870.00	2451.6946	1334.4827	1725.7525
Portugal	(Escudo)	249.05	157.7763	85.8793	111.0590
Puerto Rico	(US $)	1.5785	1	0.5443	0.7039
Qatar	(Riyal)	5.7291	3.6294	1.9755	2.5547
Reunion Is. de la	(F/Fr)	9.8425	6.2353	3.3939	4.3890
Romania	(Leu)	14.371	9	4.9551	6.4080
Rwanda	(Fr)	128.60	81.4697	44.3448	57.3467
St Christopher	(E Carr $)	4.25	2.7000	1.4655	1.8952
St Helena	(£)	1.00	0.6335	0.3448	0.4459
St Lucia	(E Carr $)	4.25	2.7000	1.4655	1.8952
St Pierre	(French Fr)	9.8425	6.2353	3.3939	4.3890
St Vincent	(E Carr $)	4.25	2.7000	1.4655	1.8952
San Marino	(Italian Lira)	2125.50	1346.5315	732.9310	947.8260
Sao Tome	(Dobra)	168.74	106.8989	58.1862	75.2463
Saudi Arabia	(Riyal)	5.8908	3.7500	2.0313	2.6268
Senegal	(CFA Fr)	492.13	311.7706	169.7000	219.4559
Seychelles	(Rupee)	9.00	5.7016	3.1034	4.0133
Sierra Leone	(Leone)	99.50	63.0345	34.3103	44.3701
Singapore	($)	3.0873	1.9550	1.0645	1.3767
Solomon Is	($)	3.7575	2.3804	1.2956	1.6755
Somali Rep	(Shilling)	644.64	408.3877	222.2896	287.4648
South Africa	(Rand)	4.1540c	2.6335	1.4324	1.8523
		6.2873g	3.9843	2.1680	2.8037
Spain	(Peseta)	184.60	116.9464	63.6551	82.3188
Spanish Ports in N Africa	(Sp Peseta)	184.60	116.9464	63.6551	82.3188
Sri Lanka	(Rupee)	63.00	39.9113	21.7241	28.0936
Sudan Rep	(£)	7.0754u	4.5000	2.4397	3.1551
Surinam	(Guilder)	2.8066	1.7780	0.9677	1.2515
Swaziland	(Lilangeni)	4.1540	2.6335	1.4324	1.8523
Sweden	(Krona)	10.0975	6.3968	3.4818	4.5027
Switzerland	(Fr)	2.5375	1.6075	0.8750	1.1315
Syria	(£)	33.018o	21	11.3855	14.7237
Taiwan	($)	40.90	25.9300	14.1034	18.2385
Tanzania	(Shilling)	231.00	146.3414	79.6551	103.0100
Thailand	(Baht)	41.00	25.9740	14.1379	18.2831
Togo Rep	(CFA Fr)	492.13	311.7706	169.7000	219.4559
Tonga Is	(Pa Anga)	2.0168	1.2773	0.6954	0.8993
Trinidad/Tobago	($)	6.6823	4.2333	2.3042	2.9798
Tunisia	(Dinar)	1.4874	0.9422	0.5128	0.6632
Turkey	(Lira)	3692.15	2339.0243	1273.1551	1646.4437
Turks & Caicos	(US $)	1.5785	1	0.5443	0.7039
Tuvalu	(Australian $)	2.0168	1.2773	0.6954	0.8993
Uganda	(New Shilling)	542.280(1)	343.5413	186.9931	241.8193
U A E	(Dirham)	5.7638	3.6725	1.9875	2.5702
United Kingdom	(£)	1.00	0.6335	0.3448	0.4459
United States	(US $)	1.5785	1	0.5443	0.7039
Uruguay	(Peso)	1142.05	723.5033	393.8103	509.2753
USSR	(Rouble)	1.000	0.6335	0.3448	0.4459
Vanuatu	(Vatu)	188.00	119.1004	64.8275	83.8350
Vatican	(Lira)	2125.50	1346.5315	732.9310	947.8260
Venezuela	(Bolivar)	61.38	38.8850	21.1655	27.3712
Vietnam	(Dong)	7075.35	4482.3249	2439.7758	3155.1170
Virgin Is-British	(US $)	1.5785	1	0.5443	0.7039
Virgin Is-US	(US $)	1.5785	1	0.5443	0.7039
Western Samoa	(Tala)	3.596	2.2781	1.2400	1.6035
Yemen	(Rial)	15.5265a	9.8362	5.3539	6.9237
Yemen PDR	(Dinar)	0.5393	0.3430	0.1859	0.2404
Yugoslavia	(Dinar)	73691.00	46684.1938	25410.6896	32861.0925
Zaire Rep	(Zaire)	652.68	413.4811	225.0620	291.0501
Zambia	(Kwacha)	27.30	17.2949	9.4137	12.1739
Zimbabwe	($)	3.49	2.2109	1.2034	1.5562

Special Drawing Rights October 27,1989 United Kingdom £1.23709 United States $1.27533 Germany West D Mark 2.35617 Japan Yen181.607 European Currency Unit Rates October 30,1989 United Kingdom £1.40918 United States $1.11661 Germany West D Mark 2.04876 Japan Yen158.704

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate; (u) Currencies fixed against the US Dollar.
Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 01 634 4360/5.
(1) Uganda devalued 41% 24/10/89. (2) The Guyanese dollar is set at 33.00 against the US dollar but is currently trading at 30.00 in London. Corrections for October 23, 1989 Brazil 7.5515; Egypt 4.1310; Fiji 2.3997 Switzerland 2.5925.
Monday October 30, 1989

INTERNATIONAL CAPITAL MARKETS

W German brokers in row with SE federation chief

By Andrew Fisher in Frankfurt

THE INCREASING pace of change on West German stock markets has led to a bitter outbreak of words between brokers, who feel they are being put increasingly in the shadow of the banks, and Mr Rüdiger von Rosen, executive vice-president of the Federation of German Stock Exchanges.

Mr von Rosen has denied a report in Der Spiegel magazine that the federation will be discontinued in its present form, stating that his contract still has two years to run. However, some stock market officials say it may be only a matter of time before the Frankfurt-based organisation, set up three years ago to give Germany's eight bourses a common voice, is dissolved.

The steep slide in prices after Wall Street's mid-October decline highlighted some of the weaknesses, with long delays before prices were set on German bourses as small investors sold heavily.

Mr von Rosen, a former aide to Mr Karl Otto Pöhl, president of the Bundesbank, has been charged by brokers with not being aggressive enough on the issue of bringing the eight bourses closer together.

Denying that the Federation had failed in its task, Mr von Rosen, said: "The opposite is the case. Germany's stock markets are on the verge of radical change."

The pressure to modernise Germany's stock market system has increased sharply in recent years, as rival centres such as London have stepped up their business in German securities. The brokers, who operate on the trading floors and set share prices by matching orders channelled through the banks, are forming their own computerised information system (Matis), a rival system to the banks' costlier and more comprehensive system (Ibis). Both will start on December 1 and will be available on Reuters screens. Next January, the new German financial futures and options market will start trading.

Mr von Rosen recently criticised brokers for failing to accept the need for more transparency in the market, referring particularly to the onset of Ibis which is designed to promote and speed up off-bourse dealings outside normal trading times. For their part, brokers are worried that increasing computerisation could erode their market role.

Mr von Rosen has been a candidate to become the next president of the Landeszentralbank Hesse, the central bank for the state of Hesse.

Nomura unveils UK fund

By Rachel Johnson

NOMURA, the world's biggest securities house, yesterday launched its first investment fund in the UK open to private investors rather than exclusively reserved for institutions.

Called the Nomura Global Fund, it is aimed primarily at equity markets in the Asian-Pacific countries.

It is the house's first to come under new EC legislation governing pooled investments, called Ucits. Based in Luxembourg, the fund is designed to take advantage of the new liberalisation law, enabling shares to be marketed across a broad swathe of the European Community.

The aim of the fund will be to target growth stocks. Nomura's investment policy embraces both developed and less-developed economies. In spite of warnings of the overvaluation of the Japanese stock market, Japan "still has strong growth prospects," Nomura says. It predicts an overall growth rate of 7.5 per cent for the "newly-emerging" Asian economies.

The private investor can join the $100m Ucits fund with a minimum investment of $1,000.

Midland to set up Turkish unit

By David Barchard

MIDLAND BANK, the third largest UK banking group, is to establish a wholly-owned subsidiary in Turkey, based in Istanbul.

Mr Chris Ellis, head of overseas branches at Midland, will be the first managing director of Midland's Turkish subsidiary which will specialise in trade finance, treasury operations, foreign exchange transactions, and capital markets. Midland is a relative late-comer to Turkey where more than 20 foreign banks are currently active.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on October 30

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						

* No information available-previous day's price
† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (three-month; above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv date=First date of conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The prices over the past week were supplied by: [illegible]

INTERNATIONAL CAPITAL MARKETS

Treasuries rebound after early losses

By **Janet Bush** in New York and **Rachel Johnson** in London

A CONCENTRATION of new supply yesterday to beat the expiration of the Treasury's temporary debt ceiling today kept US government bonds on the defensive during the morning session, but relatively successful sales boosted the market late in the day.

Towards the close the benchmark long bond was quoted ⅛ point higher for a yield of 7.92 per cent, having stood ⅛ point lower at midsession.

GOVERNMENT BONDS

The market faced substantial new supply yesterday with $15.6bn in three- and six-month Treasury bills for sale and an additional $2bn in the form of 51-day cash management bills. Settlement of the bill auctions was brought forward to today, instead of Thursday, in time for the temporary debt ceiling expiration.

Tha auctions went reasonably smoothly, helping the market to rebound from earlier losses.

Details of the Treasury's quarterly refunding are scheduled for release tomorrow but the timing of the auctions still depends on when Congress passes a new debt ceiling. Until this is done, when-issued trading cannot begin and traders will have less idea of what demand is likely to be.

There are a number of key economic releases this week, including the release of the US Federal Reserve's Tan Book.

■ TRADING activity in UK government bonds continued to be hamstrung by the uncertainty surrounding the appointment of Mr John Major as Chancellor, but contrived to benefit from sterling's brave performance on the foreign exchanges.

After a weak start dominated by the prospect of today's full-scale economic debate in Parliament, gilts moved up a ¼ point in relief that the currency market failed to panic. December gilts' performance, opening at 92.13, peaking at 91.19 and closing at 92.15, was fairly average for the day.

The benchmark Treasury 11¾ per cent bond due 2003/07 closed ¼ point higher at 111⅞.

■ IN GERMANY, a quiet day was dominated by the mysterious announcement from the Bundesbank that it would meet on Thursday afternoon, rather than the morning, to announce details of the 10-year bund.

This led to expectation that the bank would reopen an existing iesue rather than launch a completely new bond.

The prospect of a further DM4bn flooding the market at a time when buyers were in short supply depressed trade. The January 1999 was fixed at 95.95 to yield 7.11, 35 cents lower than on Friday. It closed much weaker to yield 7.14 per cent.

The December futures contract opened at the day's highs around 93.13, and closed at its lows at 92.67.

BENCHMARK GOVERNMENT BONDS

	Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS	13.500	9/92	104-29	+11/32	11.45	11.52	11.75
	8.750	1/98	95-13	+8/32	10.80	10.82	10.87
	9.000	10/08	94-08	+12/32	9.67	9.64	9.63
US TREASURY *	8.000	8/99	100-16	+4/32	7.92	7.92	8.29
	8.125	8/19	102-06	+6/32	7.93	7.94	8.25
JAPAN No 111	4.800	6/98	96.1744	-0.055	5.42	5.30	5.18
No 2	5.700	3/07	103.5286	-0.084	5.31	5.24	5.13
GERMANY	6.750	4/99	97.5000	-0.550	7.11	7.02	7.02
FRANCE BTAN	8.000	7/94	94.5817	-0.637	9.45	9.26	9.09
OAT	8.125	5/99	94.7000	-0.620	8.96	8.82	8.83
CANADA *	9.500	10/98	100.0500	-0.050	9.49	9.48	9.80
NETHERLANDS	7.250	7/99	98.2700	-0.600	7.50	7.44	7.37
AUSTRALIA	12.000	7/99	91.4410	-	13.60	13.64	13.68

London closing. *denotes New York closing
Yields: Local market standard Prices: US, UK in 32nds., others in decimal
Technical Data/ATLAS Price Sources

Financial sector worries over questions of principle

A survey of 50 institutions reveals growing concern over ethics and morality, reports Stephen Fidler

Chief executives of international financial institutions are increasingly worried about the ethical and moral aspects of their business, according to a survey to be pnblisbed this week on the global capital markets.

The annual survey, the second published by the management consultancy arm of KPMG International, concludes: "Ethics and morality have emerged in 1989 as posing a real challenge to the chief executive officers of banks and, in a different way, to those of securities houses."

The survey which this year covered around 50 institutions, inclnding central banks, shows executives in tha industry expect society will demand evidence of "financial institutions and their well-paid staff performing a real economic role."

It adds: "Insider dealing, problems with Chinese walls, drug money, commission payments to intermediaries and politicians and lending to the 'wrong' regimes, are all causes of criticism of the industry."

The report cites evidence from the Federal Deposit Insurance Corporation in the US that fraud and insider abuse contribute to about one third of US bank failures and that last year a record 200 US banks failed and a further 21 required financial assistance.

Alert corporations quickly repudiate disgraced traders, to establish their community credentials and ensure clients do not desert them over worries they will also be tainted. The effect "is enough to justify paying for a compliance department with real teeth," it says.

While surviving tha third world debt and savings and loans crises is of concern now to only a few institutions, many are worried by the possibility of problems in the leveraged buy-out business, where there has been a fear of too much money chasing too few companies.

There is more strategic planning in the business than was the case even a year ago. In the 1988 survey, 32 per cent of respondents said they did not formally plan, whereas one year later the number is 5 per cent.

The percentage with a planning horizon of less than one year has grown to 19 per cent from 11 per cent, and those planning one to three years ahead has reached 53 per cent from 28 per cent. However, those planning more than three years ahead has dropped to 23 per cent from 29 per cent.

The survey shows institutions still worried about the extent to which they should specialise. Specialisation reduces bureaucracy, perhaps providing a better environment for traders.

It also helps to overcome the potential problems caused by Chinese walls – the barriers necessary to prevent market-sensitive information being used by a firm's traders to their financial advantage. "Chinese walls are a real risk. If they really do work, tantalising profits are foregone."

Mr Jeffrey Knight, former head of the International Stock Exchange, responded that Chinese walls only work "if there is a high-point of control where people have comprehensive knowledge and self-denial."


Jeffray Knight: former head of International SE

Many companies are still preoccupied with the coming of 1992 in Europe. The report identifies some emerging patterns. Most financial takeovers have been small and retail-based. Most alliances have been defensive – of medium-sized institutions seeking to service the needs of their own client base in other markets. Furthermore, mergers are now acknowledged to be minefields of cultural conflict.

Although Japanese investment abroad continues to grow, neither Japanese banks nor securities houses have benefited. "The influence of Japanese institutions lies in their power to buy into any chosen business area" which they can do either by aggressive pricing or by taking stakes in successful houses, the report concludes.

There are worries in London that further deregulation of the Japanese market will deprive the London market of business.

The survey also suggests that the complexities of managing information technology and risk are now being recognised more widely. However, 13 per cent of respondents did not formally analyse risks before permitting new forms of trading and 29 per cent admit that risks are not fully understood at the trade date.

Less than half the institutions are in a position to consolidate their risk positions – able to calculate, for example, how sensitive they are to one traded risk.

The survey notes "interest rate exposure is usually one of the most difficult to consolidate" and describes a "glaring gap" in capital adequacy provisions for interest rate risk. It credits the Basle committee and the UK Securities Association as helping to bring about "a keen upsurge of interest in risk management." Intra-day risk – both position and settlement risk – is expected increasingly to concern supervisors.

"The scale of the settlement exposures keeps increasing, engendering greater likelihood that one failure, whether a genuine financial failure or merely a computar system crash, will trigger a chaotic systemic breakdown."

"For this reason, supervisors are encouraging netting arrangements – where multiple transactions are offset to leave a net position – clearing houses and dematerialised or paper-free settlements.

SAGFA zero-coupon issue meets strong reception

By **Andrew Freeman**

NEW-ISSUE activity was restrained on the Eurobond market yesterday, with syndicate officials reporting static conditions.

There were reports of pent-up demand in the Far East for dollar-denominated bonds, but other sectors were subdued.

INTERNATIONAL BONDS

Prospects remain dim, although some French agency borrowers are said to be looking for funds.

Hambros put its best foot forward and launched an A$100m zero-coupon issue for the South Australian Government Financing Authority (SAGFA). The bonds were priced at 50.9375 per cent, and met a strong reception.

According to Hambros the paper was trading at less 1⅛ bid, ⅛ point inside full underwriting fees.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
AUSTRALIAN DOLLARS						
8th Australia GovtFin.(a)◆	125	Zero	50.9375	1994	1⅜/⅞	Hambros Bank
G'ment Ins.Office of NSW(a)◆	50	17½	101.95	1991	1¼/⅞	Westpac Banking Corp.
US DOLLARS						
Nichimen (Europe)(a)◆	20	8¼	101⅛	1992	1⅛/⅞	Sanwa Int.
YEN						
CIBC(a)◆	3bn	6	101⅛	1991	1⅛/⅞	Morgan Stanley Int.
CIBC(a)◆	3bn	7	100⅝	1990	⅞/⅝	Mitsui Finance Int.
SWISS FRANCS						
Swedish Export Credit(b)✦✦◆	100	6⅛	100⅛	1996	1⅞/1⅝	Citicorp Investment Bank
ECUs						
Compagnie Bancaire(c)◆	60	8¼	101.30	1992	1⅛/⅞	Fuji Int. Fin.
D-MARKS						
Nippon Signal(d)✦◆	80	1½	100	1994	2¼/1⅝	Commerzbank

✦✦Private placement. ✦With equity warrants. §Convertible. ◆Final terms. a) Non-callable. b) Call 30/9/93 at 100½ declining ¼% p.a. c) Issue increased from Ecu50m. Non-callable. d) Coupon fixed as indicated.

In response to demand, the issue was increased to A$125m, and the bonds remained well bid at less 1¼. Hambros said there was specific interest in zero-coupon bonds, and commented that there was little resistance to quality Australian risk. An official declined to elaborate on speculation that the proceeds were unswapped.

Westpac brought a two-year A$50m issue for the Government Insurance Office of New South Wales. The bonds carried a 17½ per cent coupon and were priced at 101.95. Retail demand helped the paper trade inside fees at less 1.20 bid. Proceeds were unswapped.

In Switzerland, traders reported very thin volumes, with little interest in recent new issues. For example, last week's World Bank issue was trading at less 2⅛ bid, down from Friday's close of less 2⅛ bid. On launch, Crédit Suisse, the lead manager, was quoting the paper at less 2 bid.

The SAS SFr100m 10-year deal had a steady day, trading around less 1¾ bid, after touching less 1⅞ bid earlier in the session.

However, the Fokker convertible continued to suffer from lack of interest against the background of a depressed stock market. UBS was quoting the paper at less 3⅛ bid, but elsewhere prices reached less 4⅛ bid.

Citicorp Investment Bank launched the day's only new issue, a SFr100m seven-year deal for Swedish Export Credit.

The bonds are callable after four years at 100⅛, and offer a coupon of 6⅛ per cent.

The lead manager said it was too early to make a price for the bonds, but admitted there had been some refusals to its invitations. Other syndicate officials noted that the call option would look attractive at levels of around less 2¼ bid. Full underwriting fees were 1⅞ per cent.

In Germany, there was some activity in recent supranational issues, but wider trading volume was extremely thin as prices fell by around 20 pfennigs.

UK plans stiffer rules on soft commissions

By **Richard Waters**

UK REGULATORS will today reveal plans to tighten the rules on the use of soft commissions, under which investment managers promise certain levels of commission to a broker in return for services such as research and computer equipment.

In a consultative paper, the Securities and Investments Board will not recommend that these arrangements should be banned – among the options it had previously floated – but that they should be more tightly regulated.

The SIB paper will recommend limits to the services that can be made available through soft commission arrangements. Critics claim that in some past cases fund managers have received personal kickbacks.

Also, greater disclosure will be required to enable investors and regulators to assess firms' "softing" arrangements.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Monday October 30 1989 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at 25%)	Est. P/E Ratio (Net)	xd adj. 1989 to date	Fri Oct 27 Index No.	Thu Oct 26 Index No.	Wed Oct 25 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (208)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	825.28
2 Building Materials (29)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1049.66
3 Contracting, Construction (37)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1146.86
4 Electricals (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2301.78
5 Electronics (30)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1776.99
6 Mechanical Engineering (56)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	432.79
8 Metals and Metal Forming (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	496.37
9 Motors (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10 Other Industrial Materials (24)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 CONSUMER GROUP (184)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Brewers and Distillers (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27 Health and Household (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29 Leisure (34)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
31 Packaging & Paper (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Publishing & Printing (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (32)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
40 OTHER GROUPS (93)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 Agencies (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43 Conglomerates (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Transport (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
47 Telephone Networks (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
48 Miscellaneous (26)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (485)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oil & Gas (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX (500)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (121)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance (Brokers) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (49)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Other Financial (30)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (68)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (1)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (698)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Oct 27	Oct 26	Oct 25	Oct 24	Oct 23	Year ago
FT-SE 100 SHARE INDEX◆	2112.2	+30.1	2117.1	2081.2	2082.1	2129.4	2161.9	2149.3	2189.7	1852.4

FIXED INTEREST

PRICE INDICES	Mon Oct 30	Day's change %	Fri Oct 27	xd adj. today	xd adj. 1989 to date
British Government					
1 Up to 5 years	117.02	+0.22	116.77	-	10.00
2 5-15 years	130.26	+0.21	129.98	-	11.60
3 Over 15 years	139.98	+0.36	139.48	-	12.80
4 Irredeemables	157.55	+0.03	157.51	-	13.42
5 All stocks	128.49	+0.23	128.20	-	11.28
Index-Linked					
6 Up to 5 years	138.86	+0.21	138.57	-	2.79
7 Over 5 years	138.26	+0.54	137.51	-	3.21
8 All stocks	138.19	+0.52	137.47	-	3.15
9 Debentures & Loans	108.13	+0.05	108.16	0.09	9.19
10 Preference	86.50	-0.03	86.73	0.21	5.26

AVERAGE GROSS REDEMPTION YIELDS		Mon Oct 30	Fri Oct 27	Year ago (approx.)
British Government				
1 Low Coupons	5 years	9.95	9.94	9.55
2	15 years	9.43	9.45	9.15
3	25 years	9.54	9.56	8.85
4 Medium Coupons	5 years	11.05	11.06	9.96
5	15 years	10.00	10.03	9.37
6	25 years	9.45	9.49	9.07
7 High Coupons	5 years	11.21	11.17	10.04
8	15 years	10.21	10.24	9.50
9	25 years	9.80	9.83	9.11
10 Irredeemables		9.61	9.61	8.79
Index-Linked				
11 Inflation rate 5%	5yrs.	3.49	3.75	2.46
12 Inflation rate 5%	Over 5 yrs.	3.61	3.65	3.56
13 Inflation rate 10%	5yrs.	2.84	2.90	1.55
14 Inflation rate 10%	Over 5 yrs.	3.44	3.47	3.39
15 Debs & Loans	5 years	12.56	13.64	11.65
16	15 years	12.24	12.35	11.01
17	25 years	11.77	11.77	10.69
18 Preference		10.65	10.65	10.10

◆Opening index 2102.2; 10 am 2108.4; 11 am 2108.0; Noon 2110.0; 1 pm 2110.6; 2 pm 2111.5; 3 pm 2114.1; 3.30 pm 2111.0; 4 pm 2112.6 (a) 2.45pm (b) 9.12am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 34p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	90	2	11
Corporations, Dominion and Foreign Bonds	15	13	14
Industrials	667	262	667
Financial and Properties	288	92	295
Oils	39	11	44
Plantations	0	5	6
Mines	94	12	65
Others	64	89	102
Totals	1,257	486	1,204

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price	+or-	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
‡	F.P.	–	100	95	#Bestwick Devlpmts 50p	100		1.8	5.9	2.4	9.3
120	F.P.	3/11	135	117	Birse Group 10p	118	+1	L4.25	2.3	4.8	9.1
§100	F.P.	–	128	100	#Boumore Intl. 10p	120xd	-1½	ε5.2	1.9	5.8	11.6
§74	F.P.	–	82	63	#Brandon Hire 10p	74		ε3.33	1.6	6.0	11.0
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price £	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price p	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TRADITIONAL OPTIONS

- First Dealings Oct 23
- Last Dealings Nov 3
- Last Declarations Jan 25
- For settlement Feb 5

For rate indications see end of London Share Service

Calls in Bear Brand, Spong, Polly Peck, Hobsons, Tusker, Conrad, Millwall, Atlantic Res, Jaguar.

LONDON TRADED OPTIONS

THE LONDON options market was modestly traded yesterday, mirroring the thin turnover on the cash market. Activity was concentrated in October FT-SE 100 Index options, due to their expiry this morning. The stock options were quietly traded with little institutional interest.

The stock market opened firmly, with the FT-SE index up 20 points, which helped to ease fears of a sharp fall. The stock market's strength encouraged some buying of FT-SE call options. Within the first hour of trading the FT-SE index had added a further 10 points. The stock market then settled down to trade for the rest of the day in a narrow range with the FT-SE eventually closing up 30 points.

Although the December FT-SE futures contract market traded at around an 8-point premium to the cash index, dealers remained uncertain as to where the market would go next. With the stock market turnover so low, traders said there were fears that the day's rally could be easily reversed if any large sellers emerged. Investors were also said to be cautious before the Parliamentary economic debate today, when the new Chancellor of the Exchequer, John Major, will speak.

The thin turnover in the stock market kept volume in its derivative markets, including options, low. Total turnover amounted to 28,533 contracts, compared with 44,779 on Friday. Yesterday's total was divided between 14,866 calls and 13,667 puts. Despite the sharp movements in the stock market last week, open interest increased. On Friday, total open interest on the LTOM rose to 776,681 contracts, compared with 766,661 on Thursday. FT-SE open interest rose to 141,527 on Friday, compared with 139,605.

Among the stock options, turnover was low and the size of transactions, generally small. Of the larger trades, a Rolls-Royce straddle was executed, as an investor sold 250 December 160 calls and puts. Marks and Spencer attracted interest ahead of its interim results this morning, while Boots featured on talk that recent doubts cast on its heart drug, Manoplax, were unfounded.

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Allid Lyons (*449)	420	48	64	83	12	18	24
	460	25	40	58	32	37	42
Brit. Airways (*192)	180	19	26	29	5	8	11
	200	7½	14	10	15	17	21
	220	3½	7	10	30	31	33
Brit. Gas (*112)	110	14	21	23	9	12	17
	120	10	17	17	15	18	22
	130	6	12	13	22	23	27
Storehouse (*117)	110	13	17	19	6	8½	10
	120	7	12	13	11	14	16
Trafalgar (*324)	317	21	–	–	18	–	–
	330	–	25	28	–	25	30
	347	8	–	–	37	–	–
Utd. Biscuits (*345)	330	34	43	52	11	17	21
	360	18	28	36	25	32	35
	390	8	16	–	50	62	–
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Nov	Calls Jan	Calls Mar	Puts Nov	Puts Jan	Puts Mar
Abbey Nat. (*142)	140	5	12	15	4	6	8
	160	1	3	4	19	19	20
Ferranti (*57)	50	7½	11	13	1½	2½	3½
	60	2	4½	6½	5	7	9
Option		Nov	Jan	Apr	Nov	Jan	Apr
ASDA Grp. (*140)	140	10	17	21	8	12	15
	160	4	9	14	22	24	28
Option		Nov			Nov		
Gateway	220	–	–	–	1	–	–
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

October 30 Total Contracts 28,533 Calls 14,866 Puts 13,667
FT-SE Index Calls [illegible] Puts [illegible]
*Underlying security price. † Long dated expiry months.

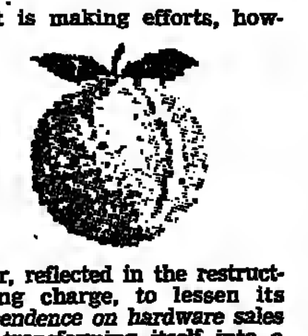
Alan Cane reports on two of Singer & Friedlander's electronic investments

Restructuring costs leave Apricot halved

APRICOT COMPUTERS, the Birmingham-based workstation and computing services company, has seen pre-tax profits for the six months to end-September halved to £2.02m as a result of persistent pressure on hardware margins and an exceptional restructuring charge of £1m.

Apricot had been making a strong recovery after backing the wrong workstation technology in the mid-1980s, but was knocked off course by a combination of technological and commercial problems at the end of last year which resulted in profits for 1988-89 of only £8m, a fall of 26 per cent on the previous 12 months.

Apricot showed a loss of £198,000 on hardware sales of £37.8m in the first half compared with profits of £1.4m on sales of £34.2m a year earlier. The company noted yesterday: "The trading margins in this division suffered from the competitive market conditions in the personal computer industry."



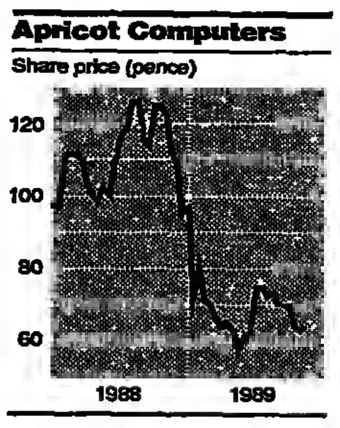
It is making efforts, however, reflected in the restructuring charge, to lessen its dependence on hardware sales by transforming itself into a software and services company. This strategy has included the acquisition of DDT,Logical Systems International and, last month, a recommended offer for Information Technology.

Hardware is now only one of three legs of Apricot's business. Of the other two, financial software made profits of £1.11m on revenue of £7.95m, while computer services, chiefly maintenance, made profits of £3.11m on revenue of £10.64m.

Turnover amounted to £56.44m, an increase of some 21 per cent. Profit on ordinary activities, however, was only £3.02m, a decline of 27 per cent on last year's £4.16m.

Earnings per share amounted to 1.86p (4.31p) and the interim dividend is maintained at 0.75p.

Mr John Patterson, electronics analyst with Albert E Sharp, Apricot's broker, said the results showed no surprises and that financial software and computer services had performed better than expected.



He thought pressure on hardware margins would continue and was estimating profits for the current year at £8m without any contribution from hardware. His profits prediction for next year is in the region of £12m-£13m, again with no hardware contribution.

Singer & Friedlander has been buying strategic stakes in electronics companies. It holds a little less 15 per cent of Apricot, another eight per cent of Information Technology (ITL).

Singer & Friedlander claims it has been buying on its own account. It is understood however that Apricot is uneasy about the bank's intentions.

Ferrari raising £4.5m by open offer of 57m shares

FERRARI Holdings, a USM-quoted computing services group, is planning to raise about £4.5m through an open offer involving the issue of 57m new ordinary shares priced at 8p, writes Alan Cane.

Singer & Friedlander, the investment banker which has a stake of 29.65 per cent, has conditionally agreed to buy all the shares. Other shareholders will be able to subscribe on the basis of 10 shares for every 37 already held.

Mr Michael Whitaker of Singer Whitaker, a subsidiary of Singer & Friedlander specialising in financial advisory services, said it was unlikely that other shareholders would subscribe for the shares. That would leave Singer & Friedlander with a holding of 100.1m shares representing 37.74 per cent of the enlarged share capital.

An extraordinary general meeting will be held to seek the necessary shareholder approval for the issue.

Ferrari was created in January this year through the reverse takeover of Cifer, a USM-quoted loss-incurring manufacturer of computer terminals, by A Ferrari, a privately-owned computing services and distribution company headed by Mr Robert Woodland.

In the year to the end of December 1988, Ferrari made an estimated pre-tax profit of £678,000 while Cifer reported a loss of £200,000. In the six months to the end of June this year, the combined group made pre-tax profits of £688,000.

Last month Ferrari acquired UCL, a USM-quoted computer systems supplier where profits were adversely affected by the 1987 stock market crash, which reduced demand for its services.

The new share offer is designed partly to fund the cost of rationalising UCL and to provide capital for expansion.

Ferrari said it was planning to acquire companies with activities "complementary to those of the company's core business of third party computer maintenance" that is, servicing computers from a variety of manufacturers for their clients. Third party maintenance is one of the fastest growing and most profitable areas of the computing services business.

Caparo claims 30.5% of Armstrong

By Jane Fuller

CAPARO GROUP yesterday extended its £96m cash offer for Armstrong Equipment, the industrial fastener and engineering company, until November 6.

By yesterday, Caparo had received acceptances of its 150p per share offer from the holders of 16.3m Armstrong shares, 30.5 per cent of the issued ordinary share capital.

Of the total, however, 29.3 per cent are owned by parties acting in concert with the bidder.

Mr Swraj Paul, Caparo's chairman, said: "The short period of extension of the offer reflects the caution that we consider appropriate in the current uncertain economic climate."

Armstrong's shares closed unchanged at 177p yesterday.

Clydesdale assets up

Net asset value of the Clydesdale Investment Trust was 115.2p at September 30, compared with 103.7p a year earlier.

Net revenue amounted to £419,000 (£249,000). Earnings per share were 3.11p (1.85p).

The final dividend is raised to 2.6p for a total of 3.1p (2.75p).

Yale not looking to sell locks division

By Clay Harris

MR MICHAEL MONTAGUE confirmed yesterday that Yale and Valor had held discussions with Racal Electronics but he dismissed the idea that his group was considering selling its locks and security products division to a larger UK rival.

"Yale is not for sale," Mr Montague, Yale and Valor chairman, said in response to a weekend press report. "We think the author of the article probably does the scripts for Black Adder, and we find that equally amusing."

When the two companies had met at Racal's request, Racal had not sought to buy Yale, Mr Montague said. "They didn't ask us. They didn't talk to us in those terms." Racal refused to comment yesterday.

In the year to March 31, Racal's security division — centred on Racal Chubb — made operating profits of £38.7m on turnover of £327.8m.

In the same 12 months at Yale and Valor, security contributed operating profits of £17.7m on sales of £118.6m. Yale shares yesterday added 12p to 275p.

Newarthill listing to be cancelled after 17 years

By Clay Harris

NEWARTHILL, the family-controlled holding company for the civil engineer Sir Robert McAlpine, is to lose its stock market listing after 17 years.

However, it is likely to give minority shareholders a final chance for a cash exit before the listing is cancelled on November 24.

The Stock Exchange's decision to cancel the listing follows a share buy-in offer which closed in August. This left only 6.6 per cent of the shares outside family hands.

Newarthill said yesterday that it was "considering whether further proposals can be put to shareholders." If directors decide to proceed, this would likely take the form of a £24 cash offer identical to the previous tender terms. The shares closed unchanged yesterday at £20.90.

After the listing is cancelled, shareholders will be able to deal in the shares only on a matched-bargain basis.

Slimmed down Virgin Television ahead to £3.2m

By Raymond Snoddy

Virgin Television, the holding company for Virgin's post-production activities, yesterday announced more than doubled profits for the year to end-July.

Virgin Television, part of the now private Virgin Group, increased turnover by some 30 per cent from £13.75m to £18m while profits increased sharply to £3.15m.

During the past two years Virgin Television has shed a number of companies, including Camera Effects, The Image Factory and Virgin Computer Graphics, to concentrate on post-production.

Because of the rationalisation Virgin Television said yesterday it was dissolving the central management group for the division.

Mr Godfrey Fye, chief executive of Virgin Television, would in future spend all his time running Rushes and overseeing Virgin's investment in Los Angeles-based GIS.

Rushes, "525", West One Television and Videoedit in future will all report directly to Virgin Communications.

Jessups resignation

Mr James Bacchus has resigned as managing director of Jessups, the Essex-based Vauxhall-Opel motor dealer, "to pursue other business interests."

Mr Alan Jessup, chairman, who will also is assuming the role of chief executive, said that a confidentiality agreement had been signed and therefore he could give no further explanation for Mr Bacchus's departure.

"We've parted company and let's leave it at that," he said.

Mid Anglia bids £5.73m for Suffolk Group Radio

By Raymond Snoddy

MID ANGLIA Radio has made a new agreed bid for Suffolk Group Radio, the company which runs Orwell Radio in Ipswich and Saxon Radio at Bury St Edmunds.

The shares and cash bid values Suffolk at £5.73m, significantly topping a hostile bid launched earlier this month by Broadland Radio in Norwich which valued Suffolk at £4.3m.

The merger activity among commercial radio companies in East Anglia is intense with several companies trying to put together a larger grouping in advance of Government plans for the deregulation of commercial radio.

Within days of the Broadland bid for Suffolk, Essex Radio intervened and said it wanted talks with the Suffolk board.

The recommended bid from Mid Anglia, which runs Hereward Radio at Peterborough and CN-FM at Cambridge, comprises two shares for each Suffolk share with a partial cash alternative equivalent to £16 per share.

The cash alternative, up to a maximum of £3m, is being provided by three Mid Anglia shareholders — EMAP, Yattendon Investment Trust and Home Counties Newspapers.

Mid Anglia so far has irrevocable undertakings from 15.7 per cent of the Suffolk shareholders.

Combined, Suffolk and Mid Anglia would be able to reach 1.5m adults through their four stations.

Mr Martin Corke, Suffolk chairman said: "Mid Anglia's offer puts a fair value on Suffolk Group Radio's shares and gives our shareholders the chance to participate fully in the benefits of a powerful enlarged independent local radio grouping."

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Apricot Computer	int	0.75†	Jan 8	0.75	-	2
Clydesdale Inv	fin	2.6	Jan 8	2.25	3.1	2.75
Gartmore Amer	int	0.8☆	Jan 2	0.8	-	2‡
Ptarmigan	fin	0.25	-	nil	0.75♣	nil
Triefus	int	2	-	2	-	3
Usborne	int	0.5	Jan 3	0.5	-	1.5
Video Tape §	fin	2†	Dec 12	-	3	-
Waverley Min Fin	int	nil	-	0.5★	-	0.5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ¶Unquoted stock. ♦Third market. ☆Second interim dividend for year to March 31 1990. ‡Excludes special payment of 1.3p. ♣For 18 months. ★Special payment

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims- Crown Eyeglass, Era, Estates & Agency, Gresham House, MBS, Office & Electronic Machines, Prowting, Ralston Intl, Reed Intl, Stornoway.

Finals- Intl City, Keystone, UDO, Unigroup.

FUTURE DATES

Interims-

Anglo American Coal	Nov. 8
Anglovaal	Nov. 23
Associated British Foods	Nov. 8
Body Shop Intl	Nov. 8
Eastern Transvaal	Nov. 23
Hartebeestfontein Gold	Nov. 23
Middle Witwatersrand	Dec. 7
NFC	Nov. 9
[illegible]	Nov. 7
[illegible]	Nov. 21
[illegible]	Nov. 9
[illegible]	Nov. 15
Stratton Inv Trust	Nov. 15
Thorn EMI	Nov. 16
Thorpac	Nov. 2
Unilock	Nov. 9
Whitbread Investment	Nov. 10
Zandpan Gold Mines	Dec. 7

Finals-

Compass	Dec. 14
Dale Simpson	Nov. 8
Hadleigh Industries	Nov. 8

Paternoster deal spells good news for Mountleigh

By Paul Cheeseright, Property Correspondent

MOUNTLEIGH, the property group, yesterday received a infusion of £160.3m when Greycoat, another British property group, together with Park Tower Realty of New York took control of Paternoster Square.

The controversial site adjacent to St Paul's Cathedral (shown above), is one of the most sensitive redevelopment sites in the City of London.

A year ago, Mountleigh signed contracts for its sale to Organizacion Diego Cisneros of Venezuela for about £230m. ODC is believed to have last year paid Mountleigh about £80m. It had until yesterday to pay the balance of £150.5m.

Greycoat and Park Tower, through an associated company called Paternoster Associates, effectively settled the Cisneros obligations to Mountleigh.

A statement said that Cisneros had been paid £149.5m and that there will be a further deferred payment of £11m by Paternoster Associates.

Of this sum, Greycoat and Park Tower are each providing £15m from their own resources. The balance is coming from a loan provided by Swiss Bank Corporation. In this three-way transaction, the immediate beneficiary appears to have been Mountleigh.

The benefits to Paternoster Associates should come later with the redevelopment of Paternoster Square. The joint venture company owns 4.2 acres of the 7.5 acre site. But such benefits are not likely to accrue until the mid-1990s.

For Cisneros the outcome remains uncertain. The Venezuelan company still has some £80m tied up in Paternoster Square. Although it is entitled to what the statement calls "part participation in future development profits", Mr Geoffrey Wilson, Greycoat chairman, said the share is "a very modest bit". It is not clear that Cisneros will recoup the cost of its original investment.

But for Mountleigh, the effect of settling the Cisneros involvement is immediate. At the end of its last financial year in April, Mountleigh had gearing of 98 per cent. But the Paternoster transaction, coupled with the earlier sale of its stake in Control Securities, has reduced gearing to 68 per cent, according to the estimate of UBS Phillips & Drew, the company's stockbroker.

Reduction in gearing has been part of a realignment in Mountleigh's activities from a property trading company to one more closely reliant on property development and investment.

The stock market has watched this process with indifference and, yesterday, when the shares rose 3p on news of the debt settlement, they were, at 128p, just off their lowest price of the year.

Greycoat shares shed 1p to 422p. The company will now start drawing up plans for its part of Paternoster Square while working on a master plan for the whole of the area in cooperation with the other landowners — Standard Life Assurance, National Mutual Fund of Australasia and the Central Electricity Generating Board.

Before Greycoat and Park Tower became involved at Paternoster, the minority landowners had undertaken to work together for a comprehensive redevelopment.

See Lex, Observer

SHARE STAKES

The following changes in share stakes have recently been announced:

Avesco: Friends Provident Life Office is now interested in 4.18m shares (about 7.5 per cent).

British Bloodstock Agency: Graftlogic has sold 372,000 ordinary reducing its holding to 381,000 shares (10.3 per cent). Cazenove Securities acquired 372,900 ordinary and has disposed of all these shares to investors and certain directors.

BSG International: IEP Securities, a wholly owned subsidiary of Industrial Equity Pacific – a Sir Ron Brierley company – is now beneficial owner of 3.81m ordinary in BSG International.

Casket: York Trust Nominees has acquired 200m ordinary bringing the holding to 10.21m (27.04m).

Castle Communications: Investment portfolios managed by Gartmore Investment acquired 75,000 ordinary, bringing the total holding up to 799,999 shares (16 per cent).

Cattle's Holdings: London Scottish Bank has purchased 3m ordinary shares at 52p per share. In addition, the London Scottish Pension Fund purchased a further 500,000 ordinary shares at the same price. These purchases together represent 5.2 per cent of the issued share capital.

Chamberlain and Hill: Rights and Issues Investment Trust has acquired 10,000 ordinary, bringing the holding up to 1.67m (23.5 per cent).

Electronic Machine: Gamlestaden Investments has acquired 20,000 ordinary shares, increasing its holding to 150,000 (4 per cent). Commercial & Retail Investments acquired 5,000 ordinary at 125p a share, increasing stake to 775,500 (20.82 per cent).

Elliott (B): Mercury Asset Management has disposed of 65,000 ordinary. The total holding is now 7.35m (14.91 per cent).

Eurotherm: Mr JA Hartnett, a director, has disposed of 350,000 ordinary. His total holding is now 4m (9.29 per cent).

Hewetson: Scottish Amicable Investment Managers hold 499,000 shares (7.3 per cent).

Hewitt (J) & Son: Mr DK Hewitt, a director, has transferred 74,000 ordinary by way of a gift to his spouse, Mrs M Hewitt. The resultant total holding is 174,000 (5.15 per cent).

Kleinwort Benson: The Kleinwort Benson Employees Trust, whose beneficiaries include directors of the company, purchased 1.65m shares at prices between 334p and 350p.

Kunick: Electra Investment Trust has acquired 1.88m ordinary and 771,000 new convertible preference. Its holding is now 11.26m ordinary (6.46 per cent) and 771,000 new convertible preference (1.84 per cent). EIT's total holding in Kunick is 5.98 per cent of the total nominal value of all shares issued.

Leverage Opportunities Trust: Robert Fleming has acquired a holding of 500,000 ordinary (6.66 per cent) registered in the name of Robert Fleming Nominees.

North British Canadian Investment: London & Manchester Group has sold its entire interest.

Palma Group: Pex Retirement Benefit Scheme (a scheme in which Mr Bailey, the chairman of Palma is beneficially interested) has made the following purchases: 22,000 ordinary at 48p, 50,000 at 50p and 100,000 at 50p. Following these transactions, Mr Bailey is interested in 12.01m ordinary (62.7 per cent).

Radamec Group: Mr Leonard Whitaker acquired 29,728 ordinary. His total holding is now 9.24m (50.14 per cent).

Relyon Group: DP Stocks, a director, has purchased 1,500 ordinary at 150p per share.

Richardsons Westgarth: Caparo has acquired a further 325,000 ordinary increasing its total holding to 3.84m (14.8 per cent).

Security Archives: Mary Abchurch Investments has sold its entire shareholding of 584,000 (9.3 per cent). Mr WSC Richards, a director of SA owns one-third of the issued share capital of St Mary Abchurch.

Sheldon Jones: Redbird Holding, a Panamanian company, holds 263,500 ordinary in Sheldon Jones (5.09 per cent)

Sherwood Computer Services: Following the recent sale of 350,000 ordinary, Mr THC Dicken is now interested in a total of 293,000 (5.7 per cent).

Tranwood: Sloane Corporation has sold 60,000 warrants. It has also purchased 65,000 ordinary.

UK COMPANY NEWS

PPM maintains leading pension fund position

By Eric Short, Pensions Correspondent

PRUDENTIAL PORTFOLIO Managers (PPM) has received more than £1bn of new money for investment from segregated pension fund clients in the first nine months of this year.

The company, the investment management arm of the Prudential Corporation, one of Britain's largest financial services group, entered the segregated *pension fund* investment market 12 years ago.

At the beginning of the year, it had 51 segregated fund clients with £6.1bn of funds under management. Some 12 new clients were gained during the first nine months of this year and funds now stand at around £8bn, thereby consolidating PPM's position in the top ten of pension fund investment managers.

PPM offers a complete range of fund management styles – basic balanced fund management; index funds, which it offers but does not promote aggressively; and specialist funds.

Its investment record over the past three years shows that median return in each year has put it in the top quarter in the WM Company analysis, the most comprehensive survey of UK pension fund investment *performance*.

PPM's latest development is to offer a stand-alone tactical asset allocation management service and it has already been appointed as such a manager to a major corporate pension fund.

The contribution of PPM to the overall profits of the Prudential Corporation is set to be a record this year. At the half-way stage, PPM contributed £9.3m pre-tax, against £8m *for* the whole of 1988.

AMP claims 18.8% of Pearl at the first close

By Ray Bashford

AUSTRALIAN Mutual Provident, Australia's largest life company, had received acceptances representing 0.33 per cent of the capital in Pearl Group by October 27, the first closing date of its £1.1bn takeover offer.

These acceptances of the 605p cash per share offer for the UK life assurance company, representing 588,918 shares, lifts AMP's holding to 18.8 per cent.

AMP has extended the bid until November 10 amid increasing speculation that it will increase its offer.

Pearl shares yesterday increased 9p to 630p but were well below their high for the year of 649p.

Expanded VTR hits £1.25m

VIDEO TAPE Recording, the USM-quoted group which provides video post production facilities, yesterday reported taxable profits ahead 35 per cent for the 12 months to end-August.

The outcome of £1.25m – up from £928,000 in the previous year – was posted on turnover up from £2.98m to £4.39m.

During the year, the company extended facilities at its premises in Old Compton Street and Bourchier Street, London, at a cost of some £900,000. Mr Philip Lovegrove, chairman, said this had had no effect on gearing but profit margins were initially affected.

The AV Department, acquired in June, was making good progress, Mr Lovegrove said. The group now intends to broaden AV's activities and use it as a vehicle for expansion in the corporate post production market.

After tax of £473,000 (£334,000), earnings per 5p share worked through at 11p, against 9p last time. A recommended final dividend of 2p brings the year's total to 3p (2.5p).

Costs relating to the group's USM listing were taken as an extraordinary charge of £39,000.

The group intends to change its name to VTR.

Triefus edges up to £1.16m

TAXABLE *Profits at Triefus*, the diamond tool manufacturer and diamond trader, edged up from £1.02m to £1.16m in the first half of 1989. Turnover also showed a small advance from £15.14m to £15.55m.

The company maintained that performances of all its operating companies had continued to improve; that this progress would be kept up in the second half; and that Triefus as a whole was expected to show an improvement in 1989 over 1988 when it achieved £1.6m pre-tax.

Administration costs this time fell by £284,000 to £2.74m, although this was partly offset by interest charges of £315,000 (£170,000). Associated companies *contributed* £15,000 *(nil)* and, after tax at £273,000 (£184,000) and minorities at £148,000 (£120,000), earnings fell to 6.79p (7.37p) per share. There was an extraordinary *debit* of £209,000 (nil). The interim dividend is held at 2p.

The company said that Triefus UK was a major distributor of Asahi Diamond Industrial saw blades and added that Asahi was building a UK factory to make such blades.

Under the terms of the agreement between the two companies, Triefus will have distribution rights for western Europe, a market thought to be worth more than £250m per year.

Medirace incurs £1.16m deficit

MEDIRACE, the medical research and diagnostic products company traded on the Third Market, incurred pre-tax losses of £1.16m in the six months to June 30. This compared with losses of £1.23m for whole of 1988.

Turnover *increased* to £280,000 in the half (£70,000 for the previous year) and receivable interest rose to £199,000 (£143,000). Losses per share were redneced to 5.6p (11p).

The company, set up to research into treatment for *Aids and cancer, said* that it had completed its stated objective of obtaining unencumbered ownership of all facets of the Contracan discovery by successfully acquiring more than 99 per cent of *Flair* Research, a company entitled to 20 per cent of royalties of Contracan and its derivatives.

Medirace anticipates the granting of a clinical trial exemption certificate for Contracan in the first quarter of 1990, following studies at St Stephens Hospital, London, into the drug's efficacy against Aids symptoms, and at Bristol Royal Infirmary against cancer.

In addition, the company announced that it had developed a *related* compound called Contracyn, which has shown higher anti-HIV activity in vitro than Contracan.

In May, Cambridge Life Sciences, itself acquired in late-1988, acquired Walker Laboratories.

At CLS much is expected of two new diagnostic products – one for urinary tract infections and the other for rheumatic arthritis and related conditions.

Medirace said that it was continuing to talk to target companies with the objective of becoming a "medium-sized, multi-faceted pharmaceutical company".

Pembridge extends DRG offer and will review it weekly

By Clare Pearson

PEMBRIDGE INVESTMENTS yesterday confirmed that it was extending its £697m cash offer for DRG, the paper and packaging company, until November 3.

DRG's shares yesterday shed 19p to 546p, compared with the 590p level of Pembridge's offer.

Observers said the fall *reflected worries* about the prolonged absence of a statement from the Office of Fair Trading on whether Pembridge's bid would be cleared or not.

By last Friday's second closing date, Pembridge, a Bermuda-based vehicle, had received acceptances in respect of 6.3 per cent of the shares. As a result, it spoke for a total of about 36 per cent of DRG's existing capital.

Pembridge said it intended *to review its offer* on a weekly basis "in the light of continued market volatility and the uncertainty with regard to the economy as a whole".

Aviva returns to profit

By Ray Bashford

Aviva Petroleum, the UK-based *oil and gas investment company*, returned net income of $297,0000 (£189,171) in the six months to June 30, compared with a loss of $1.32m during the previous corresponding half.

Viking Resources Trust, acquired in February through *an offer which valued the former* Ivory and Sime-managed investment trust at £23.2m, was the main contributor to the turnround.

Aviva received £22m from the sale of Viking's equity portfolio and well as income from its oil and gas *operations*, Mr Lawrence Hockey-Sweeney, Aviva chairman said.

Trading in Aviva shares is expected to resume later this month after the company has finalised the acquisition of the A$220m (£110m) purchase of a 67.7 per cent stake in an Australian oil field from Mr Alan Bond, the Australian businessman.

Trading in Aviva shares was suspended in September because of the size of the Harriet Field acquisition, relative to the company's market capitalisation, directors said.

French buy for Unilock

By Jane Fuller

UNILOCK HOLDINGS, which makes and instals office partitions, is boying Second Oeuvre Service (SOS) of France for FFr10m (£1.02m) cash.

Unilock, which made pre-tax profits of £2.01m on turnover of £24m in the year to March 31, said its French sales now stood at FFr60m and the purchase of SOS would double its presence in the French partitioning market, which is larger than the UK's.

SOS last year had turnover of FFr50m, on which it made pre-tax profits of FFr2.6m. The purchase includes the other half of Unilock et Cie, a joint venture on which the UK company had embarked in the Paris area.

Mr Randal Warner, Unilock's chief executive, said the expansion would enable the company to introduce new partitioning products, Mistral and Signature, into the French market. This expansion was the first step towards penetrating other parts of Europe.

In the UK, orders were at record levels. "When there's a squeeze on new construction, refurbishment work comes up," he said.

IN BRIEF

BRAKE BROS has purchased SH Wickett, a Cornish-based bacon producer and frozen food distributor, for some £700,000, satisified by the issue of 65,309 shares with the balance in cash.

BRENT CHEMICALS Interna*tional has contracted to sell its* investment in Blancomme, its French inks business, to Holliday Chemicals for a maximum FFr12 (£1.2m).

FLEMING UNIVERSAL Investment Trust: Net asset value 242.1p at September 30, against 183.7p at same date in 1988. earnings *for six* month period to end-September worked through at 2.35p (2.18p) and interim dividend maintained at 0.6p.

GOVETT STRATEGIC Investment Trust: Net asset value 369.7p at September 30, up from 295.4p a year earlier. Earnings per 10p share for 12 *months* to *end-September* were 5.89p (4.7p) and proposed final dividend is 4p making 5.5p (4.3p).

HADLEIGH INDUSTRIES has acquired Kurtrans Developments for £370,000 cash. Kurtrans manufactures a range of curtainsider semi-trailer rigid bodies. It has annual sales of £2m.

UK COMPANY NEWS

Labour tries putting a finger in the dyke

Andrew Hill reads a report on the risks for the investor in the privatisation of water

CHAIRMEN OF the 10 water companies to be privatised next month dislike the way Labour MPs have continued their assault on the controversial measure, weeks after losing the parliamentary battle over the Water Bill.

Some believe the Opposition should not have moved the battle to the City, where it has *attacked* the *impending flotation* by threatening renationalisation and the possibility of reduced shareholder gains under a future Labour administration.

But the fact is that Labour's guerrilla warfare has taken few prisoners in the Square Mile.

Most stockbrokers' analysts are already shackled to an industry view because their firms advise one or more of the 10 water companies.

Almost all have come down broadly in favour of the privatisation as an investment opportunity. And the Government is so determined to sell the industry that the recent market turmoil has only increased the prospect that the utilities will have higher yields to keep shareholders happy.

The "alternative prospectus" launched by Labour yesterday is partly an attempt to offset the quantity of research from company brokers.

Mr Paul Herrington, an economics lecturer at Leicester University, was invited to prepare the report by the Water Industry Unions Committee, which represents seven unions in the industry, including the four largest – the TGWU, GMB, Nalgo and Nupe.

It is not a prospectus as such, in that it does not deal in detail with each of the 10 water and sewage businesses. Instead, it concentrates on the economic, regulatory and legal risks for the investor.

Mr Herrington casts doubt on the growth prospects for the industry and the potential for increased efficiency. The union influence on his work is evident in his suggestion that water industry workers may put pressure on their newly-privatised employers to increase wages.

"They are unlikely to accept the juxtaposition of lucrative returns to shareholders and continuing low wages for themselves," the report argues.

But the largest part of Mr Harrington's research is devoted to the so-called cost pass-through mechanism.

All 10 companies have already received price limits for their water for the next 10 years, based on asset management plans submitted to the Government's advisers. However, costs which are unknown or unforeseen – for example, new legal requirements or changes in construction prices above a certain level – can be passed on to the consumer through an adjustment in charging limits. The actual decision rests with the director general of water services, Mr Ian Byatt.

In the first major circular on the industry in May, SG Warburg, the Government's broking adviser, suggested that this regulatory system offered security to the investor. Mr Byatt would have to set price limits so that each of the 10 companies could afford its heavy capital investment programme and earn a reasonable return on that capital.

The Labour report claims that the need for the regulator to ensure that certain key financial performance targets are met – interest cover, in particular – would lead to price rises much greater than anticipated under the basic structure of price limits already announced.

Using figures based on other City analysts' research, Mr Herrington also raises the prospect of "cost take-away" – clawing back excess profits for the customer – if circumstances change unexpectedly in a water company's favour.

"While cost take-away is not obligatory in such cases, it will always be on the cards – and increasingly so, as the director general comes under growing pressure to keep consumer price hikes to the minimum," says the report.

Mr Herrington says one opportunity for such a clawback would be a proposed European Community directive, which would require utilities to award contracts on the basis of competitive tendering. Efficiencies gained in that way would, the report argues, qualify for cost take-away because they would have been achieved as a result of a new legal requirement.

As some brokers' analysts have already done, the report also raises the spectre (for investors) of a "hostile regulator" who would pass more surplus profits back to the customer.

Government advisers have discounted that possibility, claiming that the director general's role is clearly defined and less flexible than the idea of a hostile regulator suggests.

In any case, as Mr Herrington points out, the water companies would be unlikely to admit to surpluses which *might* be *subject* to cost take-away.

He believes that the regulator requires "*almost continous* access to [water company] financial records" if he is to represent the consumer and investor successfully – a tall order, perhaps, for an office which has just 100 personnel.

What is more, the 10 regional customer services committees appointed to represent consumers' interests, will have to show their teeth.

"They've got to be able to say, 'Look, there's *something* here the director general should get on to,' and start a worrying campaign – *I think* that's part of their job," Mr Herrington says.

Deep Water – Investors Beware (Water Privatisation: An Alternative Prospectus); £5.00 from Mr Alan Jackson, Nalgo, 1 Mabledon Place, London WC1H 9AJ.

PROJECTED AVERAGE HOUSEHOLD WATER CHARGES INCLUDING COST PASS-THROUGH

Company	Average charge 1989-90 £	Charges in 1999-2000 and increases over 10 years A* £		B* £	
Anglian	155	302	+95%	358	+131%
Northumbrian	102	185	+81%	212	+107%
North West	110	204	+85%	241	+119%
Severn Trent	107	177	+65%	212	+97%
Southern	124	176	+42%	206	+66%
South West	146	298	+104%	360	+146%
Thames	100	170	+69%	191	+91%
Welsh	149	296	+99%	340	+128%
Wessex	139	249	+79%	302	+117%
Yorkshire	122	187	+54%	222	+83%
England & Wales	119	208	+75%	244	+105%

* A: assumes cost pass-through will be equal to 20 per cent of announced capital programme. B: assumes CPT will be 50 per cent of announced capital programme. Calculation assumes all CPT assets have 40-year lives, and that companies borrow at 10.5 per cent per annum to fund investment. It also assumes marginal interest cover of 4, 1990-95, and 2.5, 1995-2000

Source – Water Privatisation: An Alternative Prospectus

European Project Trust aims at London

By Clare Pearson

THE EUROPEAN Project Investment Trust, set up to invest in mainland Europe, is coming to the London market via an *offer for* subscription aiming to raise up to £50m.

Tyndall Investment Management, which *originated* the idea for the trust, said that it is the first on the London market to make use of specialist investment managers based in major European countries.

The issue is of up to 20m units – comprising five ordinary shares and one warrant to subscribe for one ordinary share – at 250p each.

The regional managers will be Tyndall Investment Management for the UK, Banco Santander de Negocios for Spain, Credit Lyonnais for France, Vereins-und Westbank for West Germany, and Vontobel Asset Management for Switzerland and Austria.

Additionally, up to 10 per cent of the initial assets is *expected to be invested* in the Emerging Eastern Europe Fund, an unquoted fund managed by a subsidiary of Continental Grain, the US trading company. The prospectus will be published on November 7. Kitkat & Aitken is sponsoring broker to the offer.

Crossroads launches rights to help develop 'hidden value'

By Jane Fuller

CROSSROADS OIL Group, which is involved in oil and gas projects, mainly in Louisiana, is planning to raise up to £370,000 via a two-for-45 rights issue.

The issue is unusual because the 30p offer price is nearly twice the 16¼p being quoted on the USM yesterday. For that reason, it is not underwritten.

However, Mr Stanford Bardsley, chairman, and two directors, *Mr Roy Williams and Mr* Robert Thorup, are "putting their money where their mouth is," as Mr Williams described it, by guaranteeing to take up shares.

The same goes for two companies of which Mr Williams is a director. Altogether these investors' commitments amount to £130,000, about 35 per cent of the issue. It will increase their combined shareholding from 39 to 40 per cent.

Mr Williams said the price reflected what the principal directors thought the company, formerly Lysander Petroleum, was worth. It was also the price at which US shareholders were being asked to convert *their debentures into shares.*

In the year to March 31, Crossroads lost £2.08m before tax, including a £1.7m exceptional write-down in the value of some oil and gas assets.

However, Mr Williams said the company had a lot of hidden value. It put together partnerships and built up assets through developing sites. When a partnership "matured" and the acreage was ready to drill, the assets could be converted into a mixture of cash and company paper.

This had happened in June with the purchase of the COG V assets – proven producing *reserves and development acreage – for* $4.25m (£2.7m) in cash and convertible debentures. COG V was one of about eight partnerships in which Crossroads was involved.

Money raised by the rights issue will go into the development of two wells in the Beaver Dam field, Louisiana.

Mr Williams said typically the company took a 10 per cent interest in a well, which would *cost roughly $1m to develop.* It took about two months to complete it and then it could be expected to produce about 300 barrels per day, of which 75 per cent was available to the partners.

With oil selling at $18 a barrel, Crossroads 10 per cent stake would yield about $11,000 a month. So the $100,000 investment would pay for itself within a year.

Following the £1.7m write-off, the company's net assets on March 31 were less than half its called up share capital. Under section 142 of the Companies Act, the directors *are required to call an* extraordinary general meeting to consider whether to take *action* to redress this balance.

This will be considered with the rights issue at an EGM on November 30. Mr Williams said the COG V acquisition and the issue itself meant that the position had improved and no further action would be required.

Property sales behind Usborne's rise to £1.26m

USBORNE reported increased interim pre-tax profits of £1.26m, boosted by an exceptional £896,000 from the sale of unwanted properties.

The figure compared with £127,000, which was struck after an exceptional charge of £66,000.

Mr Derek Sawyer, chairman, said that the company had now eliminated loss-makers and, with the additional reduction in borrowings, an increase in profits was expected in the second half with total profits higher than the £2.08m of 1988.

The company was known as Feedex Agricultural Industries until August when it sold Feedex Feeds to BOCM Silcock, a subsidiary of Unilever, for about £3.7m.

Mr Sawyer said that although the transaction took place after the end of the interim period it was of such significance that figures for the six months to end-June had been adjusted to show the effects of the sale.

The resulting write-off of £943,000 was taken as an extraordinary item.

Turnover was slightly lower at £63.53m (£64.61m). Profit from continuing activities, before exceptionals, came out at £366,000 (£335,000).

The main contributor was the agricultural division with profits of £690,000 (£435,000). Grain merchanting increased *profits and there were lower* losses from the pig operations, which was said to have been trading profitably since June.

The property division deficit increased to £350,000 (£196,000) as a result of higher interest costs and the decline in the residential market in south-east England. The completion *of the sale of undeveloped land* in the present half should result in a profit for the year.

Earnings per share were 1.31p (0.13p). An unchanged interim dividend of 0.5p is declared.

NEWS DIGEST

Ptarmigan recovery continues

PTARMIGAN HOLDINGS, the food processing, fish farming and hotel group, continued its recovery in the 18 months to June 30 in achieving taxable profits of £423,000. In the 12 months to December 31 1987, it incurred losses of £208,000.

The results included 12 months trading from Mary Ford Cake Artistry, a maker and supplier of celebration cakes and cake decorating equipment and books, which the company said had been affected by the downturn in the retail market, and 17 months trading of Gainsborough Flowers, the artificial flower maker acquired in November 1988 for £2.5m. Gainsborough had enjoyed record orders and was continuing to win new business, said the company.

Turnover rose 82 per cent to £7.5m (£4.93m) and operating profits were £617,000 (losses £187,000). Interest took £194,000 (£33,000) and, after a tax charge of £119,000 (£35,000), earnings per share totalled 4.08p for the 18 months (losses 4.37p for the 12 months).

The final dividend is a recommended 0.25p (nil) which, together with the two interim payments, makes 0.75p for the year.

There was an extraordinary gain of £24,000 (debit £186,000) relating to the sale of Provincial Butchers Supplies and a pension fund surplus on discontinued businesses. The fish farm operations had been adversely affected by the dramatic fall in salmon prices and the effect of February storms. As a result, the board is negotiating the sale of this division.

Hotel sale helps Tomorrows Leisure

Tomorrows Leisure, the hotel and snooker club operator traded on the Third Market, achieved a £121,250 rise in profits to £176,350 pre-tax for the half year to September 30.

The results reflected the sale earlier this year of the 106-bedroom George Washington Hotel, at Washington New Town, Tyne and Wear.

Trading profits formerly earned by the hotel were more than replaced by interest income received on the net proceeds of the sale after clearing all group borrowings.

Interest received amounted to £112,200 compared with a previous charge of £204,550. Below the line an extraordinary credit of £7.31m (nil) represented the profit on the sale of the hotel and included a transfer from capital reserves of £1.5m which was the cumulative revaluation of the hotel at end-March.

Turnover totalled £2.72m (£2.98m) and earnings emerged at 1p (0.37p) per 20p share.

Last year an interim of 0.5p was paid but it was emphasised at that time that the dividend reflected exceptional interest receipts from money on deposit.

Gartmore American assets at 51.7p

The net asset value of Gartmore American Securities, now a split capital investment trust, was 51.72p at September 30 1989.

A comparable figure for the previous period was not possible, directors said, due to the capital reorganisation and change of investment policy which became effective on August 4.

Nat revenue for the six months to end-September was £759,917, leading to earnings of 2.06p per share. A second interim dividend of 0.8p is declared.

Assets advance at Waverley

Net asset value of Waverley Mining Finance increased from 70.9p to 78p over the six months to September 30. Pretax profits in the period, however, were more than halved at £67,000 (£142,000).

Gold share markets, which had declined during the first quarter, recovered steadily throughout the second quarter, directors said. Activity was at generally low levels, with second and third line stocks remaining in the doldrums.

Gross investment income amounted to £185,000 (£290,000). Tax took £17,000 (£53,000), leaving earnings per share of 0.4p (0.71p).

There is no interim dividend.

Slight fall at Rowe Evans

Rowe Evans Investments, which has interests in rubber, oil palm and cocoa plantations, experienced a slight downturn from £1.84m to £1.74m in pretax profits for the six months to June 30.

Prices received in Indonesia for oil palm, fresh fruit bunches and rubber held up well in the first half of the year, directors said, although there was a fall-off since then. In Malaysia, the general decline in prices was manifested slightly earlier.

The Indonesian rubber crop was ahead of expectations, while in Malaysia, following an unsatisfactory wintering period resulting in poor refoliation of the trees, the crop did not meet expectations, although a slight improvement was anticipated for the rest of the year.

Turnover was up from £1.38m to £1.68m, while earnings per share were ahead at 2.98p (2.49p).

Pilkington seeks German listing

Pilkington has applied to have its shares quoted on the Frankfurt and Düsseldorf stock exchanges in West Germany.

Mr Antony Pilkington, chairman, said the listing recognised the importance of Pilkington's German flat and safety glass operations and the increasing inter-dependence of European operations as it prepared for the single European market.

The chairman said Pilkington had been developing the purchase of the minority shares in Flachglas and Dahlbusch, its listed German subsidiaries, for a number of years. Earlier this year there was a further step in strengthening and co-ordinating the businesses. Mr Pilkington said the listing would enable a greater number of European investors to be reached.

FINANCIAL TIMES SURVEY

Recycling is an important means of conserving costly raw materials, reducing dependence on limited natural resources, as well as helping to cut back on environmental pollution, as **John Hunt**, Environment Correspondent, explains here.

Illustration by Robin MacFarlan

Recycling

New interest worldwide

THE MASSIVE increase in public concern for protection of the environment has given a new prominence to the recycling industry, which covers everything from the collection of beverage cans and the reclamation of old car bodies to the treatment of industrial sludge.

In modern industrial society, the recycling of materials and goods in everyday use is a key to enhancing economic growth while minimising environmental pollution.

It is not surprising that this fast-growing sector has great attractions for governments which are striving for sustainable development.

The great advantage of recycling is that it saves a large proportion of the energy needed to manufacture an article from the original raw materials such as metal, plastics, glass or paper. This is of paramount importance at a time when energy conservation is essential to reduce the use of fossil fuels which contribute to global warming — the greenhouse effect.

For instance, there is a 62 per cent energy-saving in the use of recycled scrap ferrous metal. The saving arises because the scrap is almost pure metal and does not involve the heavy energy costs involved in mining the original impure ore.

Similarly, there is a 96 per cent saving in the use of recycled aluminium and 63 per cent in the use of scrap zinc. Recycled paper — avoiding the logging and transportation involved in the manufacture of paper — is estimated to result in a 70 per cent energy-saving.

Materials which are recycled are less expensive than primary raw materials and thus offer a considerable cost advantage to industry.

Recycling also avoids the need to dump large quantities of used materials in landfill sites, a process which is unpopular with the public and can have dangerous environmental side-effects. This is particularly important at a time when the cost of using good landfill sites has steadily increased.

Above all, recycling is an important means of reducing dependence on finite natural resources. It offers the potential for averting the crisis often predicted by conservationists — a world eventually running out of raw materials.

Today, recycling is a major activity in the industrialised countries. Advanced technology is used to collect, sort and process materials that are discarded by industry or the public. In some countries in the developing world, notably China, recycling is assuming increasing importance.

In some sectors of industry, recycling has been with us for longer than is generally realised. The textile industry, for example, has for more than 100 years reduced the use of costly raw materials by recycling woollen cloth and fibres.

A large amount of recycled scrap is used in the steel industry. The International Iron and Steel Institute, in Brussels, estimates that 44 per cent of steel produced in the western world is derived from reclaimed materials.

More than 7m tonnes of scrap was used in the 17.4m tonnes of steel produced in Britain during 1987. A further 3.3m tonnes of British scrap was sold to steelworks and foundries overseas.

World-wide, recycled waste paper accounts for about a third of all fibrous material used in paper and board. In the UK, waste paper accounts for more than half of the paper and board industry's fibre usage.

The potential scale of conservation is demonstrated by the 7.7m tonnes of paper used in Britain in 1985 — the equivalent of a forest the size of Wales.

Technical advances mean that valuable metals from such complex equipment as computers and other electronic machines are recovered, instead of ending up on the scrap heap. Furthermore, used oils can be recycled as lubricants for industry and transport, while rubber from old tyres can be transformed into mats and carpet underlays.

Plastics, which in Britain make up about 4 per cent of domestic waste by weight, present a particular problem as there are over 30 types, each with its own characteristics. Nevertheless, plastics are recycled on an increasingly significant scale in the UK and research is being conducted to discover more efficient methods.

Recycling of steel and aluminium cans is also being stepped up. In the UK, over 950m steel cans were recycled in 1988, a 25 per cent increase over 1987. For aluminium cans the UK recycling figure is 3½ per cent, compared with about 13 per cent in Western Europe as a whole and 55 per cent in the US. However, a scheme introduced by the Aluminium Recycling Association means that the amount reclaimed in Britain is going up fast and is expected to reach 10 per cent by the end of the year.

Despite this activity, environmental pressure groups are highly vocal in their dissatisfaction with the scale of recycling in the UK.

In a recent survey, Helmut Kaiser, the environmental technology consultants in West Germany, reported that over 75 per cent of Britain's domestic waste "ends up in the national trash heap."

According to a report from Michael Peters, a packaging design consultancy, companies in Europe give recycling and protection of the environment a higher priority than British companies - "many UK companies are reactive and passive in contrast with their European counterparts," it claims.

Another recent report, from Friends of the Earth, declares: "As individuals, we can act in our own homes and communities to increase an awareness of the need to recycle. At the sama time, we should be demanding that governmeut and industry act to create the conditions where recycling can flourish."

It calls for a national plan, including legislation, with recycling targets for the next ten years. This would include a resources tax on raw materials to give industry incentives to reclaim and recycle their products. Grants would be given to new industries which are developing reclamation technology.

In the UK, responsibility for policy to encourage recycling is divided between the Department of the Envtronment and the Business and Environment Unit at the Department of Trade and Industry. The British Government has taken the attitude that although it must give a lead and encouragement for recycling, it is an activity that is best left to the free market and voluntary organisation.

This "integrated approach" rejected legislation requiring the collection and separation of recyclable materials. The DTI has argued that in countries, such as the US, legislatiou has resulted in chaos, with "mountains of separated paper, metals, glass and plastics available, but no buyers for them."

However, there are now signs that this policy is changing. Mr Chris Patten, the new Environmeut Secretary, announced at the Conservative party conference earlier this month that the green bill, to be introduced in the coming session of parliament, will place a statutory duty on local authorities to provide for recycling in their waste disposal plans.

"We should aim to recycle half our household waste within the next ten years," says Mr Patten.

The DTI argues that it is a myth thet Britain's recycling record is poor, compared with other countries. Last year, it says, the UK reclamation industry recovered almost 27m tonnes of re-usable products, worth more than £2bn. It also points out that paper companies are expanding capacity to use waste paper for newsprint, packaging materials, printing and writing papers.

The department has just set up a team from industry, government, local authorities and other organisations to raise national recycling targets. Regional seminars have been held to bring together newsprint producers, local authorities, voluntary groups and waste paper merchants.

A recycling advisory unit has been established at the Government's Warren Spring Laboratory. The laboratory is also involved with industry in a project to determine how far plastics can be separated from domestic refuse and reused at economic cost.

However, spurred on by directives from the European Commission, several European governments have taken a different approach and have introduced legislation to speed up the development of recycling.

The most notable EC initiative is the directive on beverage coutainers. It stipulates that member-states should draw up programmes for reducing the volume of containers in household waste and should review and update them regularly.

But Friends of the Earth claims that the British proposals to implement the directive are weak and ineffectual and "bend over backwards to support tha industries at the expense of the consumer and the environment."

Denmark stipulates that all beers, mineral waters and soft drinks must be sold in refillable containers. The Danish Government was taken to the European court by the EC on the grounds that this was a restriction of free trade, bnt the court ruled in Denmark'a favour.

West Germany has imposed a deposit scheme for plastic drinks containers except milk and further regulations will be introduced limiting the type of plastics in packaging.

In Italy, municipal authorities will be required from next year to make separate collections of glass, metal and plastic containers for liquids. In some parts of Sweden, households are required to separate batteries, paper, plastics and metals.

With the coming of the single European market in 1992, a unilateral approach to snch legislation on the part of member-countries could be seen as a barrier to trade — therefore, further directives to co-ordinate the approach to recycling can be expected from the Commission in Brussels.

ON OTHER PAGES

Big campaigns by aluminium and steel producers; glass industry steps up reclamation, page 2; challenge for the plastics industry; new European measures, page 3; ways to reduce waste; paper and board; case study, page 4.

In the US, waste disposal problems abound, reports **Karen Zagor**

A lively political issue

WASTE is increasingly good bnsiness in the US as the nation tries to come to grips with the enormous amount of rubbish it produces

The shrinking availability of landfills, combined with the "NIBMY - Nnt in My Back Yard" - syndrome which afflicts landfills and incinerators, has also made the environmeut a lively political issue. Many US cities and states will not grant permits for new dumps or incinerators becanse nf concerns abont health and property value. As a result, recycling is being encouraged as an alternative.

The problem is reaching crisis proportions. When compared with Britain, the US produces about three times as much residential rubbish per capita and five time more commercial garbage. At present it is estimated that only a little over 10 per cent of garbage and household refuse in the US is recycled. The Environmental Protection Agency is pushing to increase this recyling rate, and recent amendments to the Resources Conservation and Recovery Act stipulate that 25 per cent should be recycled by 1992.

Crucial factor

Convenience is n crucial factor in convincing consumers to recycle. A recent Gallop poll found that of the of the 47 per cent of Americans who do not recycle, 57 per ceut were deterred because recycling was not convenient or because there was no place nearby to take "the recyclables."

"Time and time again, research indicates people won't recycle, unless it's convenient to them," according to Jane LaPorte, vice president of Waste Management, who manages the company's recycling operations. With revenues of about $3.5bn, Waste Management is the country's biggest solid-waste disposal company.

"It's clear that collection of recyclables is only part of the solution. If communities can't find a market for their recyclahles, they'll be reluctant to collect them," says Ms LaPorte.

"The growth of recycling is dependent on strengthening those markets, and that's largely dependent on consumer demand for products that are made from recycled content. Without that demand, we're unlikely to get the full support of manufacturers."

The use of deposits in nine US states as an incentive to get people to recycle cans has proved extremely successful. However, the success is not appreciated by the big waste disposal companies, since the separate return of aluminium cans effectively removes the profitable metal from curbside collection of general rubbish.

Aluminium and glass, which do not break down, are the most popular recycling candidates, since the recycled material is cheaper than starting from scratch.

The market for recycled plastics is also expanding rapidly. Big manufacturers are staying one step ahead of the legislators by developing new means of recycling and more uses for recycled plastic. Companies such as Du Pont are looking for ways of turning recycling into a profitable business.

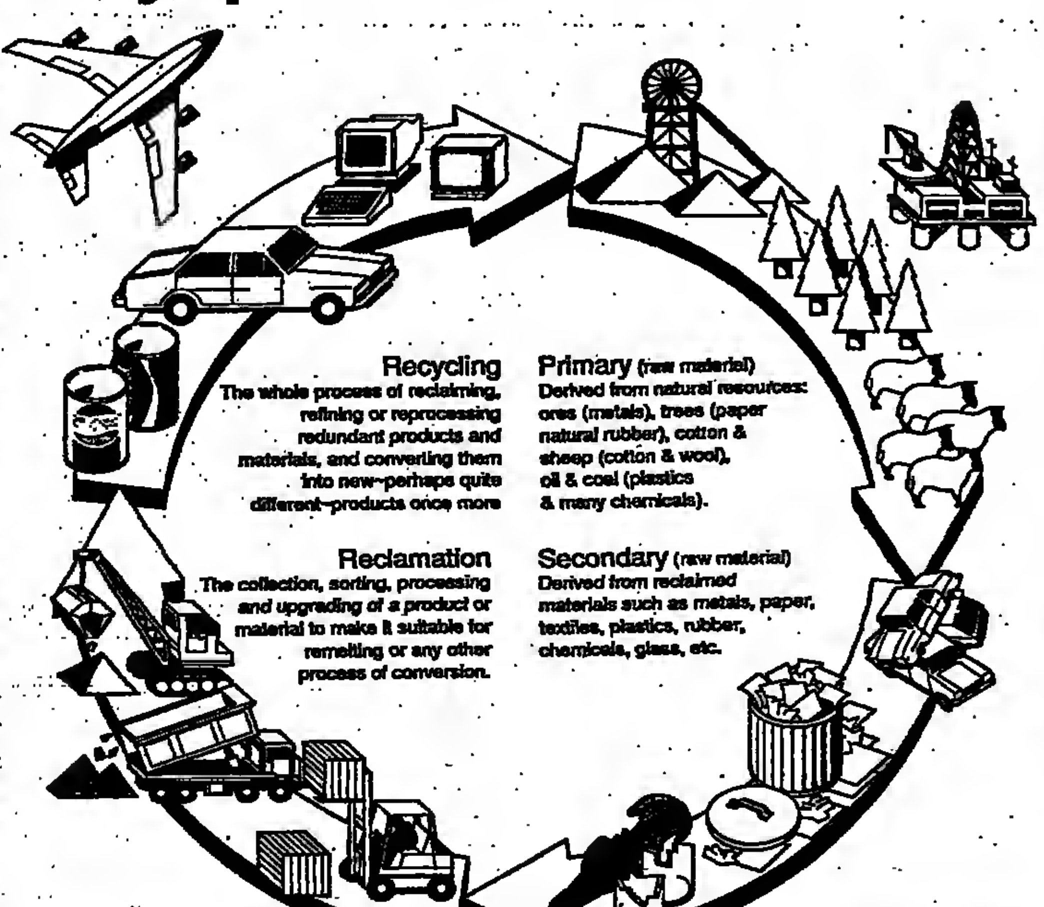
Perhaps the weakest market for recycling is old newspapers. This once-profitable sector is crumbling undar the weight of its success. Newspapers account for about 30 per cent of recoverable household rubbish. Unfortunately, demand has not kept paca with the growth. Part of the problem is that the recycled product is not significantly cheaper than virgin paper and is inferior in terms of quality.

In an attempt to salvage newspaper recycling, the state of Connecticut recently passed legislation to force publishers printing or selling more than 40,000 newspapers in tha state to use 40 per cent recycled fibre in at least 20 per cent of newspaper sheets. The legislation will come into effect in 1993. By 1997, 90 per cent of all sheets will have to meet the 40 per cent quota. California and Wisconsin are expected to follow.

One charge leveled against the proponents of recycling is that they have failed to stimulate demand for recycled goods. The country's politicians recognise this, and proposed legislation by Congressman George Hochbrueckner, a New York Democrat, is partly aimed at this problem.

Congressman Hochbrueckner wants the Commerce Department to promote growth in domestic and international markets for recycled products by removing harmful

Continued on page 2



Source: Bureau International de la Récupération

☐ To understand tha rola of recycling in society, it is useful to have definitions of tha most important terms used in tha industry, as ahown above — primary raw materials, secondary raw materials, reclamation of used materials; and recycling — the whole system, in which obsolete or redundant products and materials are reclaimed, refined or reprocessed, and than converted into new products. Sources of reclaimed materials include old industrial plant, consumar products — ranging from old cars to tin cans — which have ended their useful life, as well as industrial process scrap, such as metal and plastic offcuts.

Kenneth Gooding highlights issues facing can-makers

Campaign by aluminium and steel producers

"THE PROCESSESS that endanger today's modern can-maker are not technological obsolescence, economic shortcomings, adverse market response or customer dissatisfaction. What places the modern can-maker in jeopardy is the arbitrary decision by government that metal cans may be penalised, harassed or banned because after they are used they symbolise trash ... even though in fact they constitute a very small proportion and the most readily recycled portion of the very trash that government says it is concerned about."

– the speaker, Mr Ralph Whittall, director of public affairs for the Continental Group of Canada, was directing his remarks at the Canadian Government when it was intending to introduce legislation which would penalise canned drinks.

But the points he raised have been echoed all over the industrialised world by the can-makers and by the aluminium and steel producers who supply them.

They know from bitter experience, for example, that the introduction of a mandatory deposit on drinks containers quickly kills off the local canning industry.

Ireland last year followed the lead, set some time ago, by Denmark in banning non-returnable drinks containers. Sweden imposes a deposit on drinks containers and the Swiss government recently took powers to ban non-returnable drinks containers because, it said, the country cannot handle the huge bulk of garbage generated by its citizens.

So far, however, the ban has not been implemented.

In these circumstances it should come as no surprise that the aluminium and steel producers are spending a great deal of money promoting the idea that cans made from their metals are environmentally friendly because they are recyclable.

It seems to have been no coincidence that a few months after the European Commission in 1981 attempted to ban the use of ring-pull drinks containers, five leading aluminium groups – Alcan, Alcoa and Reynolds Metals of North America, Pechiney of France and VAW of West Germany – set up the Aluminium Can Recycling Association which today has 25 full-time employees working in Europe.

The efforts of the aluminium producers, particularly in the way they stressed that it takes only 5 per cent of the energy to reprocess used aluminium cans compared with making new metal, seemed to have given them a public relations lead over their rivals in the beverage can market.

However, the steel can-producers are now fighting back. For example, in the UK the British Steel Corporation's tin-plate division recently launched a £1m "consumer communications campaign" to support its rapidly-growing steel can recycling programme.

Its message is that magnetic extraction can recover more than 80 per cent of all steel available for recycling from normal household refuse.

These "can-paigns" have done a great deal to improve the image of cans – both steel and aluminium. However, as Incpen (the UK Industry Committee for Packaging and the Environment) pointed out in a recent report on recycling: "It is crucial that the process of recycling does not itself consume more resources than are reclaimed.

Much effort is being made to improve the image of drink cans

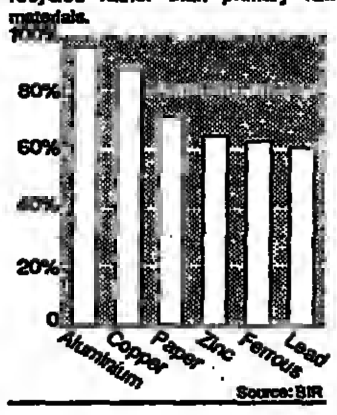
"If recycling is to be firmly established, it must either at least break even in economic terms or be accepted solely as an attempt to minimise environmental consequences and the increased cost accepted as socially beneficial."

There is no shortage of evidence that recycling cans might cost society more than simply leaving them in the garbage.

For example, consider the supposed energy-saving benefits of recycling aluminium cans. Mr Harold Schollmeyer, an executive vice president of stockbrokers Paine Webber, dented that image in a 1979 study which indicated that the US consumer averaged a six-mile round trip to an aluminium can-collection centre and he had to return 45 cans to get four cents for his trouble, after charging for his petrol.

Energy savings

The use of recycled materials in manufacturing conserves large quantities of essential energy resources. Here are achievable energy savings that result from the utilisation of recycled rather than primary raw materials.



Source: BIR

In doing so, he used up to twice as much energy as the aluminium company saved by re-using the can stock.

Using these statistics, Mr Schollmeyer calculated that the reclamation of 6.2bn aluminium cans in the US in 1978 produced an income of $18.6m for the collectors, but resulted in the waste of more than 3,500bn BTUs of energy.

Another study, comparing two US states, Oregon – which imposed the first legislative ban on non-returnable drinks containers – and Washington, which had no such ban, found that twice as much fuel was being consumed to distribute a case of soft drinks in Oregon as in Washington.

This was principally because of the need to make additional trips to collect empty containers. Oregon actually saw a 12 per cent increase in litter and consumers had to pay on average 22 per cent more for their drinks (not including the returnable deposit).

That should not disguise the fact that recycling aluminium drinks cans makes a great deal of solid commercial sense for the aluminium companies because aluminium cans are intrinsically valuable but cost less than new metal. When the aluminium price peaked last year Alcoa was paying 90 cents a lb, including all costs, for aluminium from UBCs (used beverage cans) compared with $1.22 for new primary aluminium.

A network of 10,000 recycling centres has been built up in the US collecting used cans from individuals and organisations attracted by the price paid and it is estimated that about 30,000 jobs have been created in the UBC business.

Consequently, more than half the aluminium drinks cans sold in the US are recycled and the aluminium producers hope through investment and promotion eventually to reach the same level in the western European markets where aluminium takes a big share of the beverage can business.

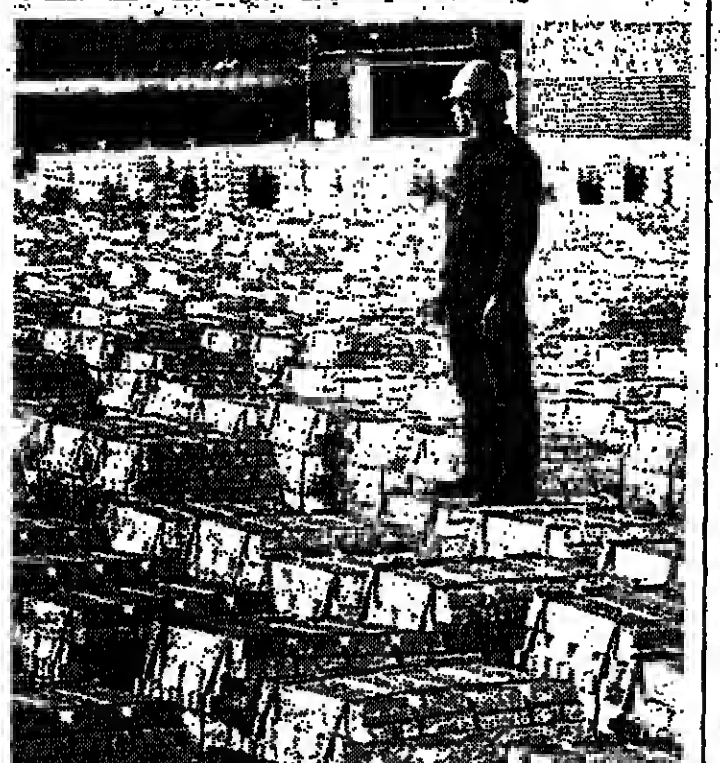
On the steel-can front there seems to have been something of a breakthrough.

In the past, recycling steel cans seemed to make no economic sense because they are coated with a thin layer of tin which has to be removed before the steel can be recycled. Many studies over the past ten years have shown that de-tinning steel from the waste stream is simply unviable.

However, AMG Resources, the largest de-tinning group in the world which was set up in May last year as the successor company to the 1981 merger of the de-tinning interests of Vulcan Materials of the US and the UK's Batchelor Robinson, claims that its used can recycling plant at Hartlepool in the UK is now a viable operation.

Hartlepool is profitably converting up to 360m used cans a year into recycled tin and prime steelmaking scrap, says Mr Pat Neenan, AMG's commercial director.

AMG will instal similar can-reclamation plants elsewhere in the UK, provided it can get enough raw material from local authorities, and it is discussing plans to set up plants in three Continental European locations – and in the US, where one has already been set up in Pittsburgh.



■ Pictured, above, left: in the US, fields of aluminium cans, ready for recycling at Alcoa's Warrick Plant in Indiana. More than 60 per cent of aluminium cans in the US are returned for recycling.
■ Above, right: stacks of aluminium ingots at Tomago, New South Wales, Australia.

Collecting waste glass is not easy, says Maurice Samuelson

Big drive for 'bottle banks'

GLASS can be recycled in two ways: bottles and jars can be used over and over again or they can find their way back to the manufacturers for melting and moulding into new containers.

The prime example of the re-usable container is the British milk bottle, delivered full and collected empty at millions of homes every morning.

However, most glass containers are used only once and if they are recycled it is to help in the creation of new ones.

The basic raw materials for making glass are silica (sand) and soda ash. Energy is 25 per cent of the production cost. The more used glass, or cullet, which can be added to the furnace, the less energy is needed. Bottle-makers say that each tonne of cullet thrown into the furnaces saves 30 gallons of fuel oil.

The main problem, therefore, is extracting used bottles from the waste stream and re-introducing them to the production process.

European glass recycling

Country	Tonnes collected in 1988	Share of national consumption
Austria	96,000	50 per cent
Belgium	166,000	50 per cent
Denmark	46,000	27 per cent
Finland	2,000	3 per cent
France	676,000	34 per cent
West Germany	1,176,000	39 per cent
United Kingdom	264,000	15 per cent
Greece	14,000	16 per cent
Ireland	9,000	10 per cent
Italy	610,000	40 per cent
Netherlands	261,000	53 per cent
Norway	3,000	6 per cent
Portugal	31,000	13 per cent
Spain	276,000	23 per cent
Sweden	31,000	22 per cent
Switzerland	156,000	55 per cent
Turkey	40,000	23 per cent
TOTAL	3,861,000	32.7 per cent*

*Average percentage. Source: Glass Gazette

Glass bottles being checked on conveyors at a brewery at Runcorn, near Liverpool

In volume terms, West Germany collects the most glass in Europe

Collection is easiest where containers are available in large quantities, as in hotels, drinking establisbmants, sports arenas or crowded holiday centres. The biggest problem is reclaiming the billions of individnal containers thrown away casually or as unsorted household rubbish.

The answer is to persuade the public to put them in special bottle "banks" or skips provided by the glass manufacturers, by conscientious retailers or municipal authorities. It is also important, especially in Britain, which produces a high proportion of clear glass, that bottles of different colours, should be kept separate.

With the growing public awareness of "green" issues, the amount of glass being recycled in many countries is on the increase, even though the economic benefits of using more cullet continually fluctuate with the changing prices of oil.

Efforts are also helped by exchanges of information and experience between different countries as they compare their success rates with one other. There is also an international trade in cullet. In Britain, where the industry is crying out for it, 12,000 tonnes was imported in 1987. This has prompted UK manufacturers to maintain their recycling efforts, and this year only about 500 tonnes is expected to be imported.

In Western Europe, glass recycling efforts are co-ordinated by the European Glass Container Federation, known by its French initials FEVE, covering 17 countries from Turkey to Ireland.

Its latest annual report, published in July, showed that 3.86m tonnes of glass, almost a third of total consumption, was recycled in 1988.

Four countries, Switzerland, Netherlands, Austria and Belgium, recycled more than half their glass consumption. Switzerland, which recycled 55 per cent, now makes bottles and jars using 75 per cent recycled glass, while its green bottles are now made almost entirely from cullet.

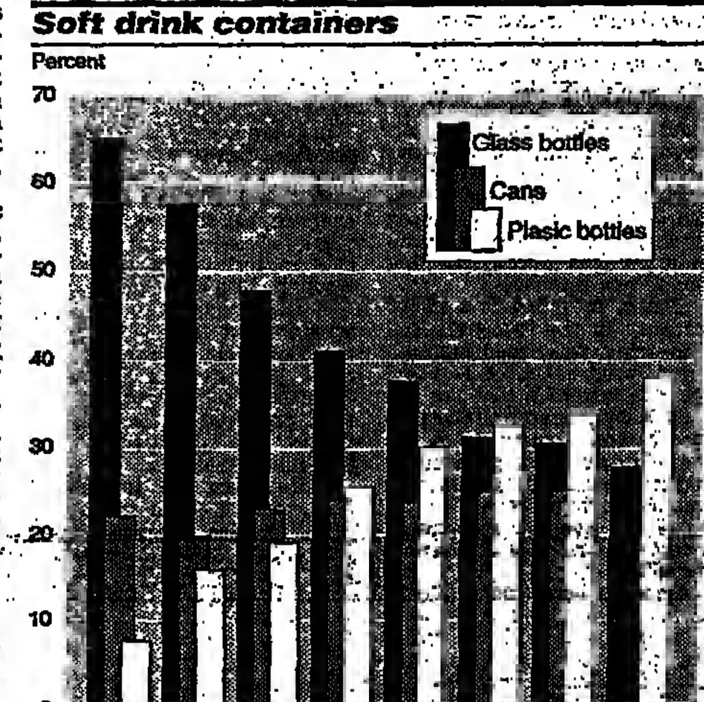
In volume terms, West Germany collects most glass – some 1.17m tonnes. With the help of a further 128,000 tonnes of cullet imported from other countries, its furnaces turned out bottles containing 51 per cent of cullet.

The differences are also reflected in the numbers of bottle banks per head of population. The Netherlands now has 11,000 skips, one per 1,300 inhabitants and 80 per cent of households make use of skips located near bus stops and car parks.

In Britain, the Glass Manufacturers' Confederation is still straining to have one for every 10,000 people by 1991.

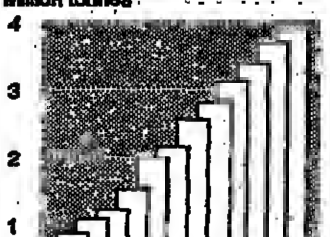
The wide gap between the top and bottom of the table – Finland recycled only 3 per cent of glass – shows tha scope for further improvement across the Continent.

Soft drink containers



Source: Trade Estimates / Canadean

Growth in Europe's reclaimed glass



Total glass (excluding manufacturers' cullet) in Belgium, Denmark, France, West Germany, Great Britain, Eire, Netherlands, & Italy. Includes Austria and Switzerland since 1981, Portugal & Spain since 1983, Turkey since 1987. 1988 includes Finland, Greece, Norway and Sweden.

However, glass manufacturers are trying to improve the quality of collection, especially colour separation, as much as the volumes they achieve.

The German glass industry's technical and scientific research organisation has developed a pilot plant which optically separates the cullet from mixed collections.

Because of its big wine industry, Germany uses far more coloured glass than Britain. Some 56 per cent of German bottles are either green or brown compared less than 20 per cent in Britain.

In Britain, where 12,000 tonnes of cullet were imported two years ago, the slow spread of bottle banks is partly due to the need for three, colour-coded modules per site to ensure the right quality.

Supermarkets are the UK glass industry's main allies in recycling. Some 80 per cent of Asda stores have provided space for bottle banks, with other bigger chains making up to a fifth of their sites available.

Britain's relatively slow recycling pace is due to economic as well as social reasons. Glass industry officials point out that landfill is still available and relatively cheap in most parts of the country and that the savings in waste disposal cost by recycling are not as high as elsewhere in Europe.

Nevertheless, progress is being made. Rockware Glass says that this year it will reclaim 80 per cent more cullet than a year ago, thanks partly to the greater density of bottle banks, and that only about 500 tonnes was likely to be imported. In the long run, though, Rockware pins its hopes on a change in national attitudes, and is spending £1m on a series of humorous cartoon posters intended to make children "bottle bank-minded."

Publicity is also being carried on in other countries. In France, the glass industry has started mailing a weekly newspaper to 36,000 local officials in an effort to heighten their awareness of recycling issues.

In Ireland, Irish Glass tried to cash in on the 1,000th birthday of the city of Dublin by producing "millenium milk bottles," installing bottle banks at the Lord Mayor's Mansion House, and by advertising on buses.

In Belgium, television commercials try to improve the country's already impressive recycling performance.

And Turkey, which joined the European recycling organisation only last year, made up for its late start by announcing that it has been doing it for nearly a thousand years. The proof – three tonnes of cullet, discovered in the wreck of an 11th century ship, found off the Turkish coast.

Lively political issue

Continued from page 1:

subsidies, such as subsidies for producers of virgin paper, and by replacing them with incentives to buy recycled paper.

"The goal of my legislation is to reduce the quantity and change the composition of garbage entering ths waste stream in America, with a special concentration on plastics," said Congressman Hochbrueckner. His proposed bill is currently at the committee stage.

"My philosophy is that we should first try to reduce the amount we produce, then must maximise what we recycle, then maximise composting. Only after that should we look at incinerators and landfills."

One company which is playing an increasingly large role in recycling is Du Pont, one of the the biggest plastic makers in the US.

Du Pont recovers about 1bn pounds of polymer and polymer feedstocks a year. The company has 11 reclamation centres across the US – and these recover nearly 200m pounds of high-value materials with more than $55m in sales.

In April, Du Pont agreed to form a joint venture with Waste Management to sort and recycle plastics from solid waste throughout the nation.

"Not only will this joint venture be addressing a serious public concern – plastic waste – but we will also be giving new life to high-value materials," says Mr Nicholas Pappas, a Du Pont executive vice president.

Waste Management, which collects wase from more than eight million residential and industrial customers in the US, will separate the plastic materials as part of its regular business activity.

The first facility is expected to start up early next year and will have a capacity of up to 40m pounds per annum.

"We believe that recycling is a far more pre-eminent tool than previously realised for reducing the country's solid waste disposal problem," says Mr Pappas.

According to Du Pont, plastics are "among the most recyclable of all disposed materials" and can be used in a number of profitable end-products. For example, the company makes clear covers for airplane magazines from recycled plastic.

Some states are now working with big companies to sort out their disposal problems. Illinois, for example, throws out about 2bn pounds of plastic waste each year, almost all of which ends up in landfills.

With the state's landfills brimming with garbage, the state had to find alternative ways of disposal. In March, the state joined forces with Du Pont to test the viability of reprocessing plastic into highway construction and maintenance products. The joint venture is also intended to demonstrate the potential of plastics recycling as a tool to reduce the state's solid-waste disposal problem.

The world plastics industry faces complex challenges, as **Peter Marsh** explains here

No simple solutions

PEOPLE eating at 30 McDonald's fast-food restaurants in the New York area have something in common with workers at Grumman, a big aerospace company, based on Long Island.

Both sets of people are being asked to co-operate in an unusual venture aimed at increasing the amount of plastics packaging that the US recycles.

The world produces about 80m tonnes of plastic a year, worth some $130m, of which only a tiny proportion is re-used. With many countries keen to cut down on the volume of the material that finds its way into landfill disposal sites and waste incinerators, a concentrated effort has started to find new uses for many kinds of plastic that would otherwise be thrown away.

The recycling scheme in New York illustrates some of the challenges. It involves Amoco, a large US chemicals company, which in April started up a plant in Brooklyn to recycle polystyrene packages used as food containers and cups.

Polystyrene is one of the world's largest-selling plastics, and the US makes and consumes about 2.8m tonnes of the material a year. Under the Amoco scheme, the company has set up arrangements with a number of organisations — including the 30 McDonald's restaurants and four staff cafeterias run by Grumman in the New York area — to obtain polystyrene packages for use as raw material in the recycling operations.

An Amoco subsidiary, called Polystyrene Recycling, has collaborated in the venture with Tri State, a waste-collection company which has the job of picking up the plastics from the participating groups.

Mr Bob Russell, president of Polystyrene Recycling, says he has been encouraged by the scheme's progress. The restaurants joining in the venture, together with about 20 local schools which are also supplying polystyrene packages, are providing about 0.75 tonnes a day of material which is being washed and reheated at the recycling plant to make new polystyrene pellets.

Mr Russell says he wants to build up quickly to process five tonnes a day of the material by spring of next year. This will be done, he hopes, by persuading other organisations which use polystyrene packaging to provide the plastic in a similar way.

A strong profit motive lies behind the New York venture. The groups supplying the material pay Tri State a set fee for removing the polystyrene, in much the same way as they would pay an ordinary garbage-collection company.

Tri State aims to make money on its involvement in the scheme only through these payments and does not charge Polystyrene Recycling for supplying the material. It reckons that it would rather give the plastic away for nothing rather than have to pay someone else a fee to get rid of the material through landfilling or some other route.

The Amoco subsidiary, meanwhile, gets a free source of raw material and says that as a result it can afford to sell the recycled plastic for about 35 cents/lb, some 15 cents lower than the cost of conventional polystyrene made from oil.

Recycling of plastics is still very limited

The one apparent drawback to the venture is that the polystyrene made by this route cannot be used for food-related applications because of the risk of impurities being introduced during the recycling process. Instead, the material is sold for use in other areas of packaging such as trays and containers for a bread range of consumer goods.

Mr Russell says, however, that this is not a problem as the market for this type of polystyrene application is growing rapidly.

Only about a fifth of all the US's polystyrene is used in food-related applications with the rest being accounted for by the other application areas.

The co-operation of the consumer is an essential part of the New York scheme, as is also true in many other types of recycling projects. People in the restaurants and other establishments participating in the venture have to follow instructions about putting their packaging in specific containers while jettisoning other types of debris, such as food scraps, in separate receptacles.

If this does not happen, the collection of the plastic becomes uneconomic because of the extra problems of having to separate it from other rubbish.

Mr Russell says he is heartened by the approach of most people who have been involved in the scheme but says more has to be done generally to make the average consumer accept the principle of plastics recycling.

Amoco is by no means alone in the plastics industry in getting involved in large-scale recycling ventures. Several other chemicals companies are collaborating on polystyrene recycling schemes elsewhere in the US outside the New York region.

Also in the US, Du Pont, the US's biggest chemicals company, and Waste Management, a refuse-collection group, are collaborating on a scheme to collect a variety of plastics from garbage streams and turn these into something useful.

In the UK, the British Plastics Federation, a trade association for the industry, is working with municipal waste collection agencies in Sheffield and Manchester to discover the best ways of recycling plastic from domestic refuse.

One of the chief difficulties of reprocessing plastics from rubbish is separating different materials. Many plastics containers and films are made from blends of several different types of resins, which creates technical problems in producing virgin materials from the waste.

That is why most recycling schemes up to now have focused on specific items known to contain single plastics where the reprocessing route is relatively easy. These plastics include polystyrene packaging, drinks bottles made from a hard plastic called polyethylene terephthalate (PET) and industrial film used in packaging applications based on high-density polyethylene.

Some companies, seeking to push plastics recycling into a new phase, are working on ways of "unscrambling" plastics mixtures through novel processes to recreate the original materials — which would solve some of the problems regarding separation.

One economic issue, however, overrides all the technical and social aspects regarding plastics recycling. After the boom in demand for many chemicals over the past three years, many plastics are relatively expensive — which makes the recycling option reasonably attractive from an economic point of view.

Should the price of plastics made from oil fall by very much over the next few years — which could easily happen should the developed nations move into recession — the brave new world of plastics recycling would be much more difficult to justify from a strictly commercial point of view.

☐ In 1988, the amount of municipal waste in the US was 145m tonnes of which plastic materials amounted to around eight per cent, or close to 12m tonnes. This figure can be contrasted with the annual production totals of various kinds of plastics in the US:

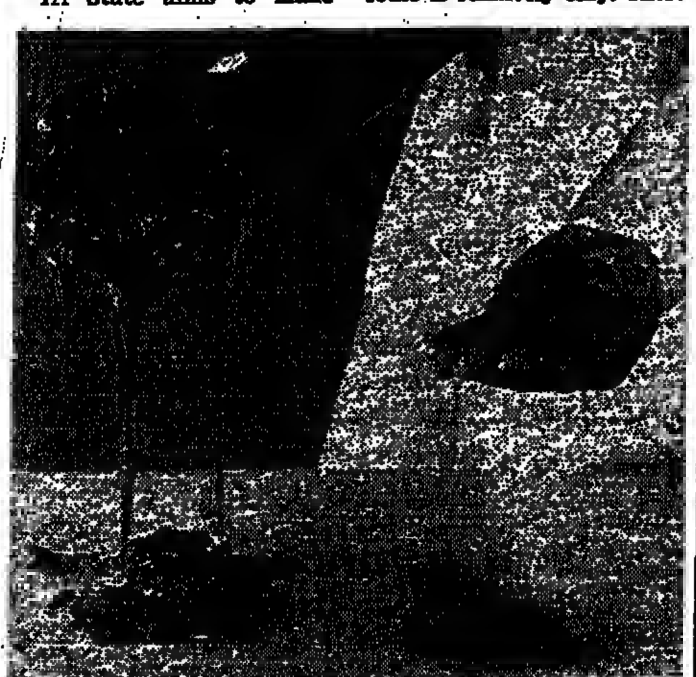
☐ Polyethylene, 8.5m tonnes.

☐ Polypropylene, 3m tonnes.

☐ Polystyrene, 2.8m tonnes.

☐ Polyvinyl chloride (PVC), 4.2m tonnes.

These product areas account for 80 per cent of US plastics' production each year, according to industry estimates.



PAINT SLUDGE: each year, Western Europe produces more than 110,000 tons of foul-smelling paint sludge as a by-product of many commercial processes. This sludge is often transported to landfill sites.

Pictured here is potentially hazardous paint sludge, compared to the dry, environmentally-safe powder, shown right, after the "Drypure" process which turns it into a re-usable form — "Industry must start accepting responsibility for the potentially hazardous waste it produces," says Richard Taylor, managing director of Haden Drysys Environmental of Birmingham.

Waste management poses a huge challenge, says **Tim Dickson**

New priorities in Europe

THE ISSUE of waste management poses a huge challenge for the European Community's policy makers over the next two to three years as they struggle to complete the foundations of a barrier-free market.

Ever anxious to respond to popular concerns, the Commission has to reconcile the growing need for a high level of environmental protection with its obligations to maintain competiton and avoid national segmentation in the wider European market place planned post 1992.

Among the most alarming dangers, for example, is uncontrolled growth in transfrontier shipments of waste seeking the cheapest, and potentially least regulated, outlets.

The EC has long been conscious of the need to tackle waste, not least in the wake of the Seveso disaster in the early 1980s. But until this year Brussels policy initiatives tended to bs distinctly patchy — the response too often to individual difficulties such as waste oils and PCBs as and when they raised their ugly heads.

Now the optimists believe that the higher priority being given to green questions will help alter perceptions.

The basis of a more coherent policy, for example, is expected to emerge over the next year in the form of two new directives on general waste and hazardous waste — currently both before the Council of Ministers and notable for their attempts, albeit controversial, to establish definitions — while another important step was taken in September when the Commission published its long-awaited document, "Community strategy for waste management."*

The subject of many revisions and much heart-searching, the "communication" as it is known in the local jargon, essentially sets out a series of principles on which future legislation and other policy initiatives should be based.

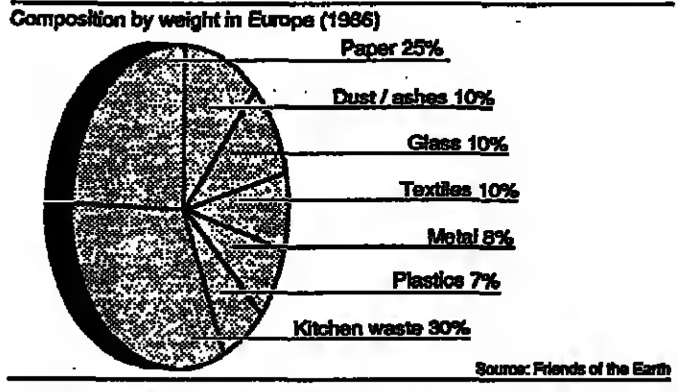
Not yet formally discussed by member-states — and unlikely to be given a major airing under the French Presidency this year — many of the ideas are consistent with those being promoted nationally, not least in the UK by the ambitious new Environment Secretary, Mr Chris Patten. Whether these will be easily translated into concrete measures is quite another matter.

Estimating the quantity of waste produced in the Community is a rough and ready exercise due to lack of common definitions but the European Parliament's environment committee in 1987 referred to a total quantity of around 2.2bn tonnes.

A breakdown of waste by source showed that 60 per cent of household waste is dumped, 33 per cent incinerated, and 7 per cent composted; over 60 per cent of industrial waste and 95 per cent of agricultural waste, by contrast, is re-used.

Domestic waste

Composition by weight in Europe (1986)



Source: Friends of the Earth

The waste treatment industrial sector — covering the disposal, treatment and recycling and sale of waste — is substantial and certainly getting bigger. In 1982 — the last year for which an estimate has been made — it was thooght to employ over 2m people in the Community and had a turnover of between Ecu100bn and Ecu200bn.

Officials in Brussels note that in the US it occupies fourth place among the economic sectors considered to be the most significant in the next 10 years.

The Community's policy, as its recent document points out, is based on principles (enshrined in the amended Treaty of Rome) that preventive action is best, that rectifying environmental damage at source is a priority, and that the polluter should pay.

The Community's fourth action programme on the environment, which runs from 1987 to 1992, sets out a threefold approach covering waste prevention, waste recycling and reuse, and the safe disposal of non-recoverable residues.

A key aspect of the EC's efforts prevention policy lies in the encouragement of "clean" technology, with support to demonstration projects already available through the so called ACE programme (Action by the Community on the Environment) and the European Information Network on Environmental Technologies (NETT).

The Commission's paper states that "to enable consumers to play their full part they must be informed about the ecological characteristics of products and their packaging by appropriate labelling."

Noting that ecological labelling schemes already exist in some member states — and are being studied in others — the Commission says it intends to put foward "ecological parameters" aimed at the introduction of a Community wide scheme.

On recycling, the Community has already had to confront the potential conflict between free trade and environmental priorities in the celebrated Danish bottle case.

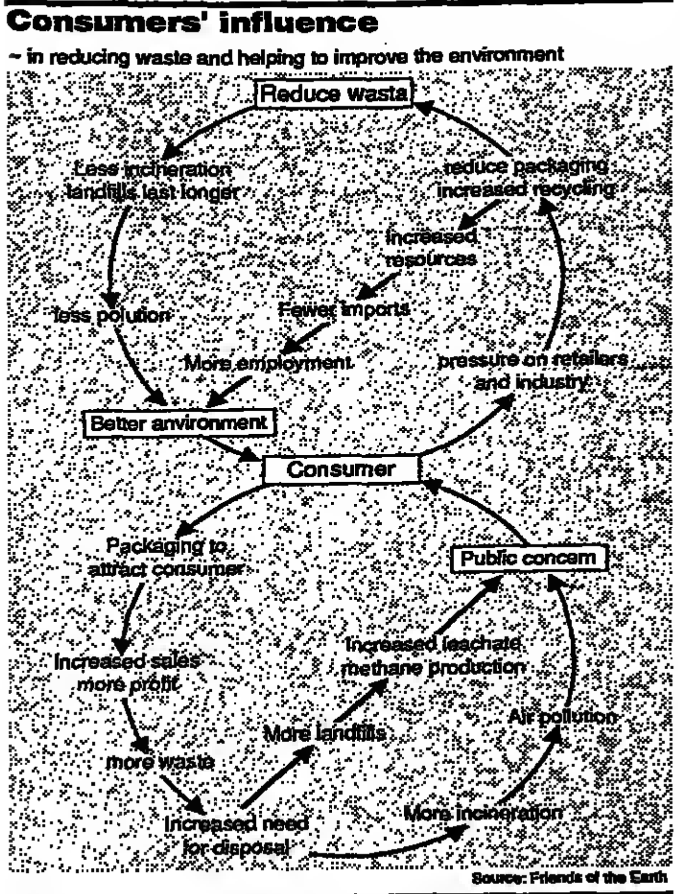
In this important European Court ruling in 1987, Copenhagen's ban on imports of non-returnable bottles was rejected, but its ambitious recycling system — insisting that deposits should be charged on returnable bottles — was upheld. The Court's endorsement has since encouraged West Germany and the Netherlands to follow suit.

Mirroring to some extent the

Continued on page 4

Consumers' influence

– in reducing waste and helping to improve the environment



Source: Friends of the Earth

Ways to reduce waste

AFFLUENCE and spending power generate increasing quantitias of waste "that will eventually pollute our environment and affect ua, the customers - but it naed not end there," suggests Friends of the Earth, the environmantal pressure group.

"The final chapter has not yet been written," says a recycling policy document from the group."Thare is a wey out that we, tha consuming public, can taka to reduce tha harm we are doing to our anvironment. Tha route is familiar to all consumers. Wa hava the ability to complain, and to ancouraga changa through what we do, or, more appropriately, what wa do not, buy."

The review, called *"Once is not enough..,"* says that consumars have "uniqua power" to influence suparmarkets, retailers and industries by boycotting certain products that harm the environment — although such action is only a partial solution, because the problams of *resources and* the anvironment ara so isrga.

In a review of steps which could be taken in recycling, *suggested targets for the* next ten years includa:

1. Reduce tha annual tonnage of refuse requiring *disposal from the current* 18m tonnes to 12m tonnes, by the year 2000.
2. Create e climate where recycled goods are viewed more favourably, and discourage the use of containers that cannot be re-used.
3. Encouraga central governmant, local authorities, industry and local communities to act togethar to maka recycling schemes a success.
4. *Introduce deposit* schemes to ancourega consumars to return bottles and cans.
5. *Introduce a resource tax* on rew materials give incentives to industry to reclaim and recycla their products.
6. Implemant tha EC guidelines on tha "polluter pays" to encourage recycling.

Practical guides

☐ The National Council of Voluntary Organisations' "Waste Watch" project in the UK is distributing free *information packs which halp* local groups solve the problems of waste by recycling.

The pack includes a guide to recycling schemes, showing the range of voluntary-sector involvement, illustrated with success stories; details of how to start a recycling project; information on materials; publicity; funding and employment.

It also offers advice for new groups on getting started and includes the addresses of more than 50 organisations in the UK which can provide more information to voluntary groups.

☐ Waste Watch is also distributing a new booklet called "Re-use It. Recycle It. Return It: ideas for local groups," available for £1.50. The guide is sponsored by Shell UK, the Department of the Environment and the Cookson Group.

☐ A further guide — specifically for offices and businesses — is now available at £2.50.

Details on all these guides are available from Waste Watch at 26, Bedford Square, London, WC1B 3HU, tel. 01.636.4066

Fresh thinking in Europe

Continued from page 3

judgement in the Danish case, the Commission paper stresses that "such measures at the right level should in no circumstances be discriminatory or out of proportion to the aim in view."

Brussels is currently looking at the qnestion of baverage containers but while a preliminary draft directive has been drawn up many believe it will ultimately be subsumed into s more general directive on packaging.

The Commission is also anxious to set common rules for *metal containers* — the subject of possible bans in some member states at present — and intends to come forward with specific proposals on the recycling of plastic waste and metal packaging.

Dumping, however — seen as the last resort in waste management — presents the biggest political difficulties. The pattern *of regulation in member* states varies considerably at present so "the harmonisation of standards on the basis of a high level of environmental protection is urgently needed."

There are *currently* two directives on municipal waste incineration but nothing yet on industrial waste or landfill disposal (though these are being busily prepared)

As for remedial action at EC level, contributions to the cost of rehabilitating contaminated industrial sites in declining industrial areas are now possible under the guidelines of the Community's regional policy.

In line with promoting its key "polluter pays" principle, the Commission has also tabled a proposal for a directive on civil *liability* in respect of waste.

Commenting on the growing trend towards cross border disposal of waste in low cost facilities, the Commission paper warns that "there is a real risk that in a Community without internal frontiers the flow of waste towards lower-cost disposal plants may become a flood. The areas where they are sited might become particularly vulnerable from the environmental point of view."

In order to do this, the Commission says "provision must be made to ensure that as far as possible waste is disposed of in the nearest suitable centres, making use of the most appropriate technologies to guarantee a *high* level of protection..."

It adds, highlighting the difficulties it will face in squaring the circle, that "the *implementation* of such a principle clearly must not lead to a monopoly situation".

WORLDWIDE CONSUMPTION OF WASTE PAPER in million tonnes

	1987	1988	% changes, 1988-87	Utilisation rate, 1988
W.Europe	18.3	20.0	9.4	34.5
N.America	18.3	18.9	3.5	21.9
U.S.	16.6	17.1	3.2	24.6
Canada	1.7	1.8	6.8	10.9
Japan	11.6	12.3	6.3	50.0
Others (est.)	19.6	20.7	5.6	36.1
Total	67.8	71.9	6.2	31.8

Source: Pulp and Paper Magazine.

It takes about 15 trees to make a tonne of paper. Britain consumed 9.3m tonnes of paper and board last year, but of this, 5.8m tonnes were imported. Pictured here are eucalyptus logs being prepared for export from Spain.

Maggie Urry on developments in the paper and board industry

A long history of recycling

THOSE RESIDENTS of the north London borough of Camden who take their household waste to the borough's recycling centre are informed each month of the number of trees their efforts to return paper have saved. It takes about 15 trees to make a tonne of paper, and the residents can usually notch up a saving of well over 1,000 trees a month.

Perhaps more important to the paper industry and the UK economy is the saving in high-priced pulp, the beneficial effect on the balance of payments, and the savings in waste disposal that recycling paper can bring.

However, recycling paper is not necessarily as good for the environment as it might seem. Soma people argue that the chemicals needed in the "de-inking" process to clean the recycled fibre are nastier than anything needed in thermo-mechanical pulping of trees.

Also the trees being saved *may well be ones planted deliberately* for the purpose of making paper, on carefully controlled plantations, which, some say, are doing the environment good. Trees, they suggest, use carbon dioxide and so help to counter the "greenhouse effect."

Britain consumed 9.3m tonnes of paper and board in *1988, according* to the British Paper and Board Industry Federation, but of this 5.8m tonnes were imported. The Department of the Environment reckons that about 5m tonnes of paper a year is capable of being recycled, and about *half* of that actually is processed in this way.

Paper has a long history of recycling. Paper mills themselves, printers, and packaging makers are well aware that off-cuts or unused excess paper can be recycled.

Some offices sell the waste generated daily, as well as the contents of old filing cabinets, to the waste paper merchants. Banks sell old cheques and computer paper, which are shredded for security.

Top quality waste paper commands high prices and can be used to make good quality writing paper or tissue paper. Technology has improved to the extent that paper made from recycled fibre can be almost indistinguishable from that made from virgin fibre.

Supermarkets too have found a substantial income can be mada from selling the thousands of tonnes of cardboard *boxes* a year that *carry* goods to their stores. Safeway was one of the earliest to do this, and provides its customers with strong, brown paper bags made out of recycled paper.

Corrugated box makers are large users of recycled fibre. Mr Sandy Stratton, managing director of St Regis Paper part of the David S Smith group, *says that recycled fibre works* out cheaper than buying pulp. The group is both a leading waste paper collector and a box-maker, and sells half the 300,000 *tonnes of waste paper it* processes a year to its own mills.

Universal Pulp Packaging, a company near Glasgow, Scotland, uses recycled paper to make *papier maché* packaging materials, such as corner protection for radiators, or instead of polystyrene to protect goods inside corrugated transit boxes.

Recycling the paper which goes to domestic use is the hardest task, and has largely been the province of youth groups, churches and other charity organisations, with local authorities often not appreciating the savings they could make from diverting

Top quality waste paper now commands high prices

paper from being dumped in expensive landfill sites.

The bulk of the paper collected from household sources is newspapers, periodicals and magazines — "news and pams" in the paper industry jargon.

In the hierarchy of waste paper prices, "news and pams" come low down, with prices to the collectors of as little as £5 a tonne. The price has been volatile in the past as supply and *demand have frequently been* out of balance.

This has resulted in sudden drops in price, forcing voluntary groups to give up collecting. When the market recovers it takes time for these groups *to regain confidence again.*

Mr Tony Spackman, managing director of Davidsons Waste Paper, which with David S Smith and Reedpack, is one of the three main waste paper processors in the UK, argues strongly that there is no point in collecting paper unless there is a market for it.

He cites the example of the US where many states have started mandatory collection schemes when there is not sufficient buying interest. As a result waste paper from the US is now being dumped in Europe, undermining the price structure for waste there, including the UK.

The Department of Trade and Industry ran a series of seminars this summer to encourage local authorities to recycle waste paper. Unfortunately, these co-incided with price cuts for waste paper.

Ms Peni Walker, recycling campaigner at Friends of the Earth, the environmental pressure group, says that prices have fallen recently by as much as 75 per cent. A typical price reduction for news and pams is from £15 to £5 a tonne for the voluntary collectors; she says, and some have been told by waste paper merchants not to collect any more.

The group recently dumped a tonne *of waste paper on the* doorstep of the DTI, echoing its famous soft drink bottle campaign, to highlight the need to foster demand for waste paper rather than simply stimulating

Corrugated box-makers are big users of recycled fibre

"The market could change again if some projects to build new paper machines come to fruition. Two proposals in particular could have an enormous effect on the waste paper market.

Reedpack is looking at building a newsprint machine in Kent to make around 200,000 tonnes of paper a year, while North British Newsprint, is working on a similar project at Gartcosh in Scotland. Both would use 100 per cent recycled fibre as a base.

A recent boost to the waste paper market has come from the Shotton Paper mill, in *North Wales. This mill has just* opened its second newsprint machine, and will have an annual capacity of 430,000 tonnes of paper a year.

A quarter of the raw mate- [illegible] ing a £25m-plus investment in a de-inking facility which started up earlier this year. Recycled fibre is slightly cheaper than virgin fibre, and the paper produced is, in some ways, better than that made purely from new fibre.

Recycling is only one solution to environmental problems, though. Mr Stephen Mills, of The Packaging Group, a packaging consultancy, argues that recycling is often a case of "shutting the stable door after the horse has bolted."

Mr Francis Davis, managing director of Shotton Paper Sales, points out that newspapers publishers could save paper by using lighter-weight paper in the first place.

Case study: Sheffield

Model for other cities

THE AMOUNT of domestic refuse produced in Britain every year is a staggering 18m tonnes. The cost of disposal by local authorities is also great, since the majority of waste goes to landfill sites which are becoming increasingly scarce and expensive.

The City of Sheffield with a population of 500,000 is trying to solve this problem with a recycling venture which could become a model for other major centres of population.

This year Sheffield has been designated as "Recycling City" with s three-year project devised by Friends of the Earth, the environmental organisation; Sheffield City Council; reclamation industries; and voluntary organisations. It is sponsored by British Telecom together with UK 2000, the environmental clean-up-campaign.

The difficulty with recycling is that it needs to be divided into separate activities, each *with its own particular form* of collection and disposal - glass, paper, tin and aluminium cans and various types of *plastic.*

The Sheffield Community Recycling Action Programme (Scrap) is designed to develop *a co-ordinated approach to the* reclamation and re-use of these materials. It is intended to heighten public-awareness of *the need for recycling and to* provide accessible and easily indentifiable collection points for waste materials.

Another difficulty is that the price of some scrap and reclaimed materials fluctuates widely. Under the Sheffield scheme, however, the reclamation companies offer a stable price and guaranteed market for the materials collected.

The programme is intended to be self-financing. The money from the reclamation companies is pumped back into the actioo programme and any surplus can be used to extend recycling or support other environmental initiatives.

The scheme has the endorsement of the Government and is very much in line with its policy on recycling. It does not make great demands on the public *purse and does not need new* regulations, but relies on voluntary organisatioo and the involvemeot of business.

Ms Judith Warrender, who is co-organiser of Scrap, estimates thet if all the paper banks in the city are filled *once* a week then, at *£5 a ton,* the income generated in a year could be about £20,000 from this source alone.

"In the medium-term, I am optimistic that we will be able to make the project self-financing," she says. "Next year, I hope will will make a profit."

Sheffield City Council has also agreed to operate a rebate scheme which takes into account the savings it makes ou refuse collection as a result of recycling. The council will pay the project £2 for every ton of recycled material in scknowledgement of the cost it would have to meet in collection, transport and landfill had it disposed of the material in the normal way.

Mr Steve Jenkinson, Sheffield's assistant director of waste disposal, is managing the council's side of the programme. *He says he is not* a "greenie," but views the project as plain commoo sense in increasing public awareness of the need to recycle.

"Show me a person who washes out their milk bottles and I know I will be able to get that person to recycle," he says. "But there are many people – such as those who throw cigarette packets out of their cars – who you will never get to recycle."

Last year, 54 paper banks were placed in Sheffield and the paper industry has provided another 15 with more to come. The glass industry *has* contributed 50 bottle banks and the target is to double this figure.

Many steel cans are recycled through the city's incinerator where they are picked out by magnet. Save-a-Can which is sponsored by can makers and suppliers of raw materials, has five collection skips for cans on the outskirts of the city.

The Aluminium Can Recycling Association has provided promotional material *for schools* and *voluntary* organisations which collect cans.

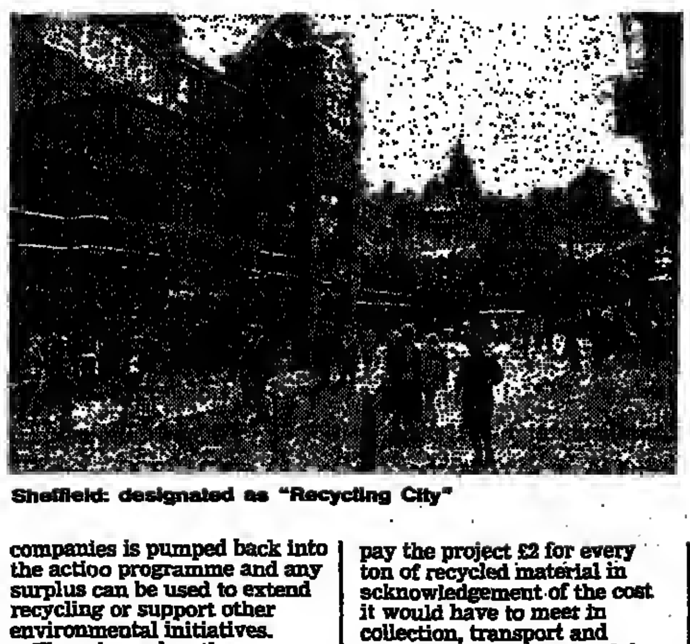
The British Soft Drinks *Association has* put in *15* containers for the collection and transport of clear plastic bottles and the British Plastics Federation has installed five for heavier opaque and coloured containers.

The next stage will be a special waste collection scheme, similar to ones in Canada, for the 10,000 inhabitants of the *Stocksbridge* area on the outskirts of the city. Each house will be provided with a blue box in which to place a mixture of re-usable materials. This waste will be collected and sorted into s specially designed vehicle.

The progress of the scheme is to be monitored by the Department of Trade and *Industry's Warren Springs* Laboratory, ths Luton College of Technology and Midland Environment Ltd. The £135,000 cost of this is being met by the DTI, the Department of the Environment and the Industry Council for Packaging and the *Environment.*

Several other areas, including Cardiff, Leeds and the London Borough of Richmond, have developed successful recycling schemes. Cardiff, which began its Community Support Anti-Waste Scheme 12 years ago, will be the second recycling city next year. The third will be in Scotland and the location of the fourth has yet to be decided.

John Hunt



Sheffield: designated as "Recycling City"

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FT LAW REPORTS

Tin Council creditors suffer grave injustice

RE INTERNATIONAL TIN COUNCIL
House of Lords (Lord Keith of Kinkel, Lord Brandon of Oakbrook, Lord Templeman, Lord Griffiths, Lord Oliver of Aylmerton): October 26 1989

THE INTERNATIONAL Tin Council is a legal entity distinct from its members, contracting not as their agent but as principal, and they are therefore not directly liable for its debts. Nor are they concurrently or secondarily liable in the absence of provision to that effect in the constituent treaty, in that there is no UK concept or rule of International Law which imposes such liability.

The House of Lords so held when dismissing four appeals by creditors of the ITC from Court of Appeal judgments given on April 27 1988 dismissing their appeals from Mr Justice Staughton and Mr Justice Millett on their claims to recover ITC debts direct from its members.

LORD TEMPLEMAN said the Sixth International Tin Agreement (ITA6) was a treaty between the UK, 22 other sovereign states and the European Economic Community.

By article 16 of ITA6 the member states agreed that "The Council shall have legal personality. It shall . . . have the capacity to contract."

Pursuant to ITA6 a Headquarters Agreement was entered into between the ITC and the UK to define the ITC's status, privileges and immunities in the UK. Article 3 of that agreement provided that "The Council shall have legal personality. It shall . . . have the capacity to contract."

No part of ITA6 or the Headquarters Agreement was incorporated into UK law, but the International Tin Council (Immunity and Privileges) Order 1972 provided in article 5 that "The Council shall have the legal capacities of a body corporate."

The ITC entered into contracts with each of the appellants. It was not disputed that, in breach of contract, the ITC had failed to pay the appellants millions of pounds. In the present proceedings the appellants sought to recover the ITC's debts from the member states.

The appellants' arguments were described as submissions A, B(1), B(2) and C.

Submission A relied on the fact that the 1972 Order did not incorporate the ITC, but only conferred on it the legal capacities of a body corporate.

Therefore, it was said, under UK law the ITC had no separate existence as a legal entity apart from its members – the contracts concluded in the name of the ITC were contracts by the member states.

Submission A reduced the 1972 Order to impotence.

The ITC could not exercise the capacities of a body corporate and at the same time be treated *as if it were an unincorporated* association. The 1972 Order brought into being an entity which must be recognised by the UK courts as a legal personality distinct in law from its membership and capable of entering into contracts as principal.

The effect was plain. The ITC was a separate legal personality distinct from its members.

Submission B(1) accepted that the ITC enjoyed a separate legal existence apart from its constituent members, but contended that a contract by the ITC involved a concurrent direct or guarantee liability on the members jointly and severally.

It was said that under the laws of Scotland and elsewhere recognition was accorded to "mixed entities", legal entities whose engagements, notwithstanding separate legal personality, involved some form of liability of the members.

But no such custom existed in the UK as a general rule.

Parliament could have imposed some liability for the debts of the ITC on the member states. But the 1972 Order imposed no such liability. In the absence of express parliamentary provision a contract entered into by the ITC did not involve liability on any person who was not party to the contract.

Submission B(2) was that a rule of international law imposed on member states of an international organisation joint and several liability for its default in the payment of debts, unless the treaty which established the organisation clearly disclaimed members' liability.

No plausible evidence was produced of the existence of such a rule before or at the time of ITA6 in 1982, or thereafter.

If such a rule existed in international law it could only be enforced under international law. Treaty rights and obligations conferred or imposed by agreement or by international law, could not be enforced by UK courts. The courts only had power to enforce rights and obligations made enforceable by the 1972 Order.

Submission C asserted that by ITA6 the ITC was only authorised to contract as agent for the member states.

Even if that assertion were correct, the ITA6 could only be considered by UK courts for the purpose of resolving any ambiguity in the meaning and effect of the 1972 Order.

There was no ambiguity. The Order authorised the ITC to contract as principal because it conferred on it the legal capacities of a body corporate, without limitation. The treaty, ITA6, had not been incorporated into UK law and its provisions could not be employed for the purposes of altering or contradicting the Order.

Finally, one of the appellants appealed against the refusal of the courts below to appoint a receiver.

The appellant was an ITC judgment creditor, and sought the appointment of a receiver by way of equitable execution.

The receiver was intended to receive and enforce a chose in action belonging to the ITC.

The chose in action was an alleged right vested in the ITC to be indemnified by member states against ITC debts incurred as a result of carrying out member states' instructions contained in ITA6.

In English law members of a corporation were not liable to indemnify the corporation *against its debts*.

The 1972 Order made no provision for the member states to indemnify the ITC.

Powers contained in ITA6 were treaty powers and any indemnity obligation expressly or impliedly imposed on member states by the ITA6 was a treaty power which could not be enforced by UK courts by appointing a receiver or otherwise, because the obligation was not to be found in the 1972 Order.

Since *Salomon v Salomon [1897]AC 22*, traders and creditors had known they did business with a corporation at their peril if they did not require guarantees from its members or adequate security. At all times the rights of the appellants, who did not lack legal advice, had been governed in the UK by the 1972 Order, which offered no foundation in law for proceedings against the member states.

The appeals must be dismissed.

For the conduct of the appeals there were 24 counsel, 200 authorities and 14 volumes of extracts from legislation, books and articles. Ten counsel addressed the Appellate Committee for 26 days.

That vast amount of written and oral material tended to obscure three fundamental principles – that the capacities of a body corporate included the capacity to contract; *that no-one* was liable on a contract save the parties to it; and that treaty rights and obligations were not enforceable in the UK courts unless incorporated into law by statute.

The length of oral argument permitted in future appeals should be subject to prior limitation by the Appellate Committee.

LORD GRIFFITHS agreed with regret because the appellants had suffered a grave injustice which Parliament never envisaged.

He said the obvious and just solution was that governments should provide funds to settle their debts in the same proportion as they had contributed to the buffer stock.

But that end must be pursued through diplomacy and an international solution must be found to an international problem. It could not be solved through English domestic law.

LORD OLIVER also agreeing, said that the effect of the Order was to create the ITC a legal person in its own right, independent of its members. It was the contracting party. Its members were not. It was the ITC, not its members, that credit was extended.

The persons who could enforce contracts were the parties to the contract, and in identifying the parties there were no gradations of legal personality. The ITC as contracting party was the only person liable on the contracts, unless some positive provision could be found in the law, imposing liability on somebody else.

The suggestion that the treaty itself indicated an intention that member states should assume liability for ITC debts could not be accepted. Such indications as there were seemed to point to the contrary direction.

Once given the creation of a separate legal personality by the Order, there appeared no escape from the principle in *Salomon* where the suggestion that the company carried on business as agent for the corporators was firmly and decisively rejected.

The basis of the claim for appointment of a receiver was that the ITC was possessed of an asset in the form of a right to be indemnified by the members against ITC liabilities, and that a receiver ought to be appointed to pursue that claim in the ITC's name.

Any claim of the ITC against member states for indemnity must ultimately rest on ITA6. That was an issue which was not justiciable by the court.

The appeals were dismissed.

LORD KEITH and LORD BRANDON agreed.

Rotterdam oil futures challenge to London's IPE

By Laura Raun in Amsterdam

WITH THE opening of the Rotterdam Energy Exchange (Roefex) today organisers hope successfully to marry the city's long tradition of oil trading *with its growing expertise* in financial trading.

An important competitive advantage will be the opportunity for physical delivery, according to Roefex organisers. Traders will have the choice of actually delivering against crude oil, gas oil and fuel oil contracts or of settling in cash.

But the oil industry remains sceptical that Europe can sustain two energy exchanges. The International Petroleum Exchange in London trades futures contracts in Brent crude, gasoil and heavy fuel oil, as well as options on its crude futures.

A Roefex seat costs only Fl 25,000 (£7,000), compared with the IPE's £170,000, and to encourage participation Roefex is waiving trading fees for the first month. About 160 seats have been allocated, a third of them to foreign oil companies and international brokerages. The official trading-floor language is English and anyone speaking in Dutch can be penalised.

Mr Peter de Jong, project director of Roefex, said last night that the exchange expects to trade between 50 *and 100 contracts a day*, or perhaps more, in the next few months. On the longer term volume be refused to speculate.

Three futures contracts priced in US dollars will be traded on Roefex: one for 1,000 US barrels of crude oil, another on 100 tonnes of gasoil and a third on 100 tonnes of heavy fuel oil. Since *Rotterdam is the* world's largest centre of oil refining and product storage physical delivery is simplified.

Mr Tjerk Westerterp, Interim-President Director of Roefex and head of the European

THE WORLD'S first natural gas future's contract has moved a step closer to trading with the selection by the New York Mercantile Exchange of a delivery point for contract specifications, writes Steven Butler.

The Nymex board has chosen the Sabine Pipeline Company's *Henry Hub interchange in Erath, Louisiana, for the delivery site, and* expects approval from the US Commodity Futures Trading Commission in about three months. Sabine is a subsidiary of Texaco. Henry Hub is a gas interchange that offers marketing possibilities through ten pipelines *to which it is connected.*

Options Exchange, said last night that agreement in principle has been reached with the New York Mercantile Exchange about possibly linking trading. The most logical contract would be crude oil since the New York Merc's contract also covers 1,000 barrels, *is priced in dollars and* can be settled through physical delivery.

The IPE, the second largest oil futures market after New York, is watching developments across the English Channel with anxious eyes. Earlier this year the one-hour lunch pause on the IPE was scrapped, which Rotterdamers attribute to impending Roefex competition.

The IPE's futures contract on Brent crude has been successful since its introduction last year although its recently relaunched fuel oil contract is still unproven. With three *futures contracts — on crude* oil, gas oil and fuel oil — as well as options on crude oil, the IPE is now seeing daily trading volume of 10,000 to 15,000 contracts.

Brazil denies coffee quota plan

By John Barham in Sao Paulo

BRAZILIAN officials yesterday rejected reports that Brazil would be prepared to accept a reduced share of the world coffee market as part of a plan to shore up world prices, which collapsed following the demise in July of the International Coffee Agreement.

According to reports from the Costa Rican capital of San Jose, where *regional heads of* state had convened for a summit conference, the presidents of Brazil, Colombia and several Central American coffee producing countries had agreed on basic proposals for the reintroduction of ICA export quotas. Colombian officials said Colombia was prepared to accept a cut of 200,000 bags (60 kg each) in *its export quota if* Brazil allowed its to be reduced by 500,000 bags.

However, Mr Bernardo Roma, the Brazilian Coffee Institute's press officer said: "We know nothing about this. It is pure speculation. The whole question of the coffee agreement was debated in September and nothing came of it then."

Mr Jochen Timm, a prominent Brazilian coffee trader, said: "Sarney refused to sign (an agreement) because he had not come to San Jose to talk about coffee and that attitude reflects the (Brazilian) market's sentiment entirely."

He noted that while prices in London and New York rose on the strength of the reports from Costa Rica, the market subsequently declined following vehement denials from Brazil that it would participate in any price support scheme.

Brazil, the largest coffee producer, has rejected any *attempt to revive the Coffee* Agreement that would require a reduction in its export quotas. The price war that broke out following the agreement's collapse in July has squeezed smaller producers.

Keeping one's head over 'root madness'

Rhizomania is a problem for UK sugar-beet growers, but it is one they can live with

FARMER'S VIEWPOINT

By David Richardson

LET THERE be no misunderstanding — the British sugar-beet industry would have preferred to have avoided *rhizomania. As the literal translation of its name* — root madness — implies, it is an unpleasant disease and is capable, in severe cases, of reducing both yield and sugar content to uneconomic levels.

For that reason the Government's policy of containment around the three fields (one two years ago and two this month) so far positively diagnosed appears on the face of it to be correct. It is my firm belief, however, that infection in this country is far more widespread than has so far been established.

I further believe that the Government will ultimately be forced to recognise the fact and that farmers like me, who rely heavily on sugar-beet as a staple crop, will have to learn to live with rhizomania. Indeed that prospect frightens me far less than the present policy of quarantining infected farms for *the foreseeable future* with no guarantee of adequate compensation.

Rhizomania was first identified in sugar-beet in northern Italy in the 1950s. Since then it has spread northwards through mainland Europe into France, Belgium, Holland, Germany and Austria.

The disease itself is caused by a virus which is carried by a fungus, *polymyxa betae*, which is present in most soils. When sugar-beet, or other root crops in the same botanical family, is planted into infected soil the virus invades the beet, stunting taproot development. Instead of a healthy root the plant develops a hairy beard of fibrous material — hence the name root madness.

The virus also affects the leaves of the plants and necrotic yellow veins are another telltale sign of the disease. In the worst cases the leaves become entirely yellow and are almost transparent.

I have seen all these symptoms myself on sugar-beet crops in Italy, France and Holland. But to put the problem into perspective the affected beet were in small patches on large fields and all around the diseased areas were excellent roots obviously unaffected by the virus. I would in fact hazard a guess that the average yields of most of the *rhizomania infected fields* I have inspected across Europe were probably higher than those we can ever produce in the British climate.

And climate is crucial to the spread of rhizomania. The virus likes hot moist conditions best and the higher temperatures of southern Europe, together with essential irrigation — either by surface flood or sprinkler — produces the ideal micro-climate to spread it. The colder and drier it is the slower it spreads.

Indeed it was 1983 before rhizomania was identified in Holland. There can be little doubt that it was assisted in its establishment there by the network of canals and the Dutch facility to raise and lower water levels at will to promote crop growth.

Since then UK sugar-beet growers have made regular representations to the Government to ban the importation from Holland and other countries where rhizomania is endemic of such things as seed and processing potatoes, bulbs, root vegetables and so on which inevitably carry some loose soil which could in turn be infected with the rhizomania virus.

The Dutch in particular pointed out that the disease could also be carried on the feet of migratory birds and that to ban products from Holland would be an unacceptable infringement of free trade within the Community. Instead in an attempt to keep the disease out of the UK the Ministry of Agriculture tightened its plant health regulations and imposed inspection restrictions on imports and on the dumping of waste from such importations. Rhizomania virus was in fact discovered on one such *dump* in the Fens a few years ago.

The sources of the UK's two most recent cases of the disease in Norfolk have not yet been identified. It may be significant, however, that both farms grow potatoes and both farms have irrigation plants. The hot summer could well have completed the conditions *required for a flare-up of infection.*

But it is highly unlikely that the virus simply appeared in the fields where it has been diagnosed this year. It is far more probable that it has lain dormant for a few years while the land has been planted with cereals, having previously established itself the last time *the field grew sugar-beet three or four years ago.*

In the meantime particles of the infected soil fungus could have been carried on tractor tyres, rubber boots, animals' fur, or whatever to other fields on the same and neighbouring farms. That is why I believe that whereas only three cases of rhizomania have been confirmed in island Britain in three years our plant health status has already been jeopardised and that we must soon accept that it is endemic here as in the rest of Europe.

It will be an inconvenience and sugar-beet growers will need to be much more careful than in the past how they move from field to field with soil clinging to their machines. Contractors in particular will have to wash down their tackle between farms.

Country life may be affected as sugar-beet growers become unwilling to allow hunts to cross their land with the attendant risks of spreading infected soil on horses' hooves and dogs' paws. Shooting parties will be required to clean their boots and wash the wheels of their Range Rovers between farms. Ramblers along public footpaths will be even less welcome than usual.

Only when the Government accepts the situation for what it is will the paranoia pass. For the reality is that rhizomania in Northern Europe has so far had a negligible effect on the yields or sugar content of beet. *In Germany in fact where it is* estimated that up to half of the national crop is now infected to some degree average yields have been maintained and even reached new peaks over the last few years.

And a long term answer to rhizomania is almost to hand. Plant breeders all over Europe have, for many years, been *attempting to produce varieties* of sugar-beet which will tolerate or even resist the virus. Some of those varieties are already in commercial use in southern Europe and several more will be ready to be launched within the next few years.

Given the slow spread of the disease in the northern European climate I am confident that such varieties will be available and will produce yields comparable with existing conventional types by the time most UK sugar-beet growers need to use them.

Meanwhile the disease will have no measurable effect on the production of sugar in this country this year. A total of just over 70 acres has been quarantined and is likely to be destroyed out of a national crop of around 500,000 acres.

Neither does the disease pose any threat to humans because it is only contagious to other *root crops, and in any case the* process of distillation to produce sugar from beet totally destroys the virus.

In short the restrictions imposed on the two unfortunate farmers in whose crops the disease has been discovered are in my view excessive. They run the risk, if current policy persists, of having their whole farming systems disrupted and of serious loss of income for many years to come. And although there is an assurance of some compensation from a grower-financed fund to pay for the crops affected there is no guarantee *of government assistance, in* spite of its implied failure to keep out infected material.

A few more confirmed cases over the coming weeks would in fact do those farmers a favour. For that would ensure that the Ministry of Agriculture would have to relax its restrictive policy and sugar-beet growers could revert to normal behaviour — apart perhaps from a bit more hygiene between fields.

US farm trade plan 'politically impossible'

By Bridget Bloom in Beaune

THE LATEST US proposal on farm trade reform would mean the abolition of the European Community's Common Agricultural Policy, something which it would be "politically *impossible" for the Community's* 12 member states to accept, Mr Raymond MacSharry, Commissioner for Agriculture, said yesterday.

Mr MacSharry, attending an informal council of Farm Ministers here in Central France, was reacting to the *latest proposal* from the US Government in the Uruguay Round of trade negotiations within the General Agreement on Tariffs and Trade.

Last week, the US Agriculture Department produced a new paper calling for the elimination of all export subsidies on agricultural produce within five years, with internal support directly affecting farm production and prices being phased out over 10 years.

The proposal was immediately rebuffed by the Brussels *Commission but yesterday Mr* MacSharry went further, declaring that the US was reneging on agreements negotiated last April.

Then, in an apparently successful effort to resolve the impasse reached at the mid-term review of the GATT Uruguay Round in Montreal last December, agreement had been reached on three key issues, Mr MacSharry said.

These were the recognition that the European Community would continue to maintain the two-tier *price structure for* farm produce as enshrined in the Common Aagricultural Policy, but that it would agree to progressive and substantial reductions in the levels of official support.

These reductions, however, had to be gradual and to take account of cuts in support *already accomplished* by the EC in its farm reform package of 1988.

The new US stand would "in essence mean the abolition of the Common Agricultural Policy," Mr MacSharry said. This would be "politically quite impossible" *to accept*, he declared.

Mr MacSharry said he hoped that the new US decision, so much resembling its "zero option of old" was simply a negotiating position, as had heen claimed, and that *therefore some sensible out*come could ultimately be possible.

He said that he would be meeting Mr Clayton Yeutter, the US Secretary of State for Agriculture, in Rome in two weeks' time and hoped that some clarification would be forthcoming then.

The EC would probably produce the last of its main papers detailing its own *negotiating* position before the end of November, he said. This would centre on the "re-balancing" of farm supports under which there could be rednetions in some aids and subsidies and compensating increases in others.

However, Mr MacSharry reiterated that the only way that progress could now be made in the Uruguay Round was for the US to acknowledge what had been agreed with such difficulty in April and to move forward from there.

No accord at cocoa meeting

By Mark Huband in Abidjan

COCOA PRODUCERS meeting in Lomé, the Togolese capital, have failed to come up with concrete proposals for supporting prices.

Members of the Cocoa Producers' Alliance, which represents 80 per cent of the world's cocoa producers, had hoped to go some way towards finding a replacement for the failed International Cocoa Agreement in an *effort to avoid excessive* swings in prices, which are currently at 14-year lows.

Representatives from nine producer countries ended their week-long conference with agreement on the need to broaden market potential. Cocoa butter, oil and chocolate-making were three areas identified as providing possibilities for growth.

Strike ends at S African antimony mine

By Jim Jones in Johannesburg

THE STRIKE which has idled South Africa's Consolidated Murchison antimony mine has ended with strikers accepting a slightly improved wage offer *from management.*

Initially management offered increases averaging 13.5 per cent against union demands for increases ranging up to 30 per cent. Settlement has been reached with management conceding an additional 5 per cent holiday leave allowance which effectively increases wage rates by 14 per cent on average.

Murchison produces about 20 per cent of the world's antimony which it markets as oxide to tied customers in the US and Europe. The strike cost the mine about one month's production but did not lead to a declaration of *force majeure*.

In its last financial year to June 30 1989 Murchison produced antimony concentrates with a metal equivalent of 5,201 tonnes compared with 6,254 tonnes in 1988. The past financial year's sales exceeded production and the mine's concentrate stocks were virtually fully depleted by the financial year's end.

Mr Michael Hawarden, the chairman, warned in his annual statement that this year's sales would be lower than last year's.

LME WAREHOUSE STOCKS
(Change during week ended last Friday) tonnes

Aluminium	−5,850	to 50,400
Copper	−550	to 83,950
Lead	−1,725	to 28,875
Nickel	−114	to 2,614
Zinc	−3,975	to 68,050
Tin	+30	to 0,150

WORLD COMMODITIES PRICES

LONDON MARKETS

GOLD prices touched the highest levels for more than three months yesterday as its long-term decline appeared to have been halted by an influx of investment interest sparked by volatility in equity and currency markets. Analysts envisage no dramatic bull market in spite of the freak late last week through the previously solid $370 an ounce resistance level. *Nevertheless one* analyst said yesterday that "if it holds above $375 it stands a very good chance of moving higher." On the LME copper prices closed at the day's lows in sympathy with Comex. Some analysts were surprised at the mildly bearish stance given continuing relatively tight supplies and the bullish potential of strike threats in Chile. Biffex freight futures for January and April reached over 1,700 before easing on profit-taking.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.85-6.00w	+0.10
Brent Blend	$19.55-9.65q	+.675
W.T.I. (1 pm est)	$19.77-9.80w	+0.10
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$191-193	
Gas Oil	$180-181	+1
Heavy Fuel Oil	$90-100	-5
Naphtha	$156-159	+2.5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$377.25	+3.25
Silver (per troy oz)♣	524c	+3
Platinum (per troy oz)	$493.0	+10.1
Palladium (per troy oz)	$135.5	+0.5
Aluminium (free market)	$1795	+10
Copper (US Producer)	110¾-20¾c	-4¾
Lead (US Producer)	40.5c	
Nickel (free market)	460c	
Tin (Kuala Lumpur market)	20.17r	-0.05
Tin (New York)	348.5c	-4.0
Zinc (US Prime Western)	80¼c	
Cattle (live weight)†	113.89p	+0.11*
Sheep (dead weight)†	172.49p	+16.0*
Pigs (live weight)†	100.52p	-2.84*
London daily sugar (raw)	$348.0v	+1.0
London daily sugar (white)	$389.9v	+2.4
Tate and Lyle export price	£335.0	+1.5
Barley (English feed)	£110.5q	
Maize (US No. 3 yellow)	£125.5q	
Wheat (US Dark Northern)	£133.25	
Rubber (spot)♥	57.0p	+0.5
Rubber (Dec)♥	58.75p	+0.25
Rubber (Jan)♥	60.75p	+0.25
Rubber (KL RSS No 1 Nov)	227.5m	+2.0
Coconut oil (Philippines)§	$475y	-5
Palm Oil (Malaysian)§	$315q	
Copra (Philippines)§	$310q	
Soyabeans (US)	£170q	
Cotton "A" index	82.05c	-0.15
Wooltops (64s Super)	595p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Oct/Nov. x-Oct/Dec. t-Jan/Mar. v-Nov/Dec. w-Dec. q-Nov. z-Jan/ *Feb*†Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA – London FOX £/tonne

	Close	Previous	High/Low	
Dec	720	710	720	707
Mar	702	694	703	692
May	714	707	714	703
Jul	729	720	729	716
Sep	744	735	743	733
Dec	769	763	769	760
Mar	794	786	790	782

Turnover: 5663 (4362) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Oct 27 804.94 (813.44) :10 day average for Oct 30 832.09 (835.48)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low	
Nov	698	693	725	685
Jan	700	682	720	688
Mar	712	692	730	694
May	724	710	747	712
Jul	744	728	768	742
Sep	767	750	786	760
Nov	810	786	802	

Turnover: 7781 (6104) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Oct 27: Comp. daily 60.76 (60.69). 15 day average 60.39 (60.33)

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low	
Dec	318.20	318.00	319.00	
Mar	314.20	314.20	314.40	309.80
May	309.20	309.20	309.20	305.00
Aug	303.40	303.40	303.20	299.60
Oct	294.20	294.20	294.20	291.00
Dec	292.00	292.00	287.60	
White	**Close**	**Previous**	**High/Low**	
Dec	385.00	383.50	388.00	381.00
Mar	388.00	386.80	388.00	382.50
May	392.50	392.50	392.00	388.00
Aug	402.00	400.50		
Oct	377.00		374.50	373.00
Dec	368.50	363.00		

Turnover: Raw 2010 (1504) lots of 50 tonnes. White 1736 (561)
Paris- White (FFr per tonne): Dec 2380, Mar 2406, May 2442 Aug 2515, Oct 2370, Dec 2320.

CRUDE OIL – IPE $/barrel

	Close	Previous	High/Low	
Dec	18.66	18.40	18.73	18.55
Jan	18.24	18.04	18.24	18.13
Feb	17.86	17.89	17.93	17.86
Mar	17.70	17.74	17.75	17.68
Apr	17.57		17.58	17.56
IPE Index	18.37	18.21		

Turnover: 15360 (8449)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low	
Nov	175.75	174.00	176.50	175.00
Dec	172.50	171.00	173.50	171.75
Jan	169.25	168.00	170.00	168.25
Feb	166.00	164.50	167.00	166.00
Mar	161.00	160.00	163.00	161.00
Apr	157.50	156.50	158.75	157.50
May	156.75	154.75	157.75	

Turnover 6480 (8443)lots of 100 tonnes

TEA

There were 18,317 packages on offer including 3,200 offshore, reports the Tea Brokers' Association. After a hesitant opening, competition improved. Assams met good general demand but prices were often upto 10p per kilo lower at the start of the sale. By the close prices had firmed to finish 3p to 5p below last levels. Africans had fair demand with brightest descriptions selling at firm rates but mediums proved irregular and closed 5p easier. Ceylons remained firm. Offshore teas were well supported but prices were 5p to 10p easier. Quotations: quality 200p (220p), medium 163p (170p),low medium 147p (150p).

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 9,175 tonne
Cash	1786-92	1770-80	1797/1785	1797-800		
3 months	1740-2	1735-7	1752/1730	1745-6	1732-5	82,910 lots
Copper, Grade A (£ per tonne)						Ring turnover 29,075 tonne
Cash	1696-8	1726-30	1726/1725	1725-6		
3 months	1666-8	1717-8	1720/1684	1717-8	1695-7	75,771 lots
Lead (£ per tonne)						Ring turnover 5,675 tonne
Cash	463-5	467-8	468	468-9		
3 months	452-3	458-8.5	458/453	458-8.5	454-5	12,238 lots
Nickel ($ per tonne)						Ring turnover 1,104 tonne
Cash	10100-50	10200-300	10250/10100	10225-30		
3 months	9750-5	9874-5	9850/9775	9840-60	9700-800	6,782 lots
Tin ($ per tonne)						Ring turnover 410 tonne
Cash	7580-600	7660-70		7610-30		
3 months	7620-5	7680-700	7650/7600	7645-55	7610-20	5,517 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 14,550 tonne
Cash	1540-60	1540-50	1565/1560	1565-70		
3 months	1520-5	1527-30	1540/1525	1539-41	1525-6	15,145 lots
Zinc ($ per tonne)						Ring turnover 2,500 tonne
Cash	1520-30	1520-5		1530-40		
3 months	1490-500	1492-8	1510/1495	1505-10	1490-500	3,169 lots

LME Closing £/$ rate: SPOT: 1.5760 3 months: 1.5526 6 months: 1.5328 9 months: 1.5182

POTATOES – BFE £/tonne

	Close	Previous	High/Low	
Nov	125.0	123.5	120.0	
Feb	160.0	156.0		
Apr	195.7	198.5	201.0	195.5
May	223.0	226.5	224.0	222.0

Turnover 249 (115) lots of 40 tonnes.

SOYABEAN MEAL – BFE £/tonne

	Close	Previous	High/Low	
Feb	145.00	147.50	146.00	145.00
Apr	143.00	144.50	143.00	

Turnover 39 (30)lots of 20 tonnes.

FREIGHT FUTURES – BFE $10/index point

	Close	Previous	High/Low	
Oct	1635	1635		
Nov	1703	1698	1706	1697
Jan	1696	1690	1719	1695
Apr	1692	1700	1710	1692
Jul	1430	1430	1430	1425
BFI	1641	1636		

Turnover 632 (681)

GRAINS – BFE £/tonne

Wheat	Close	Previous	High/Low	
Nov	108.15	108.70	108.25	108.15
Jan	110.90	111.40	111.60	111.00
Mar	114.75	115.30	115.50	114.75
May	118.00	118.50	118.00	
Jun	119.75	120.25	119.75	
Barley				
Nov	106.65	106.65	106.65	106.50
Jan	109.40	109.70		
Mar	112.40	112.70	112.70	

Turnover: Wheat 91 (165), Barley 44 (30). Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg

	Close	Previous	High/Low	
Oct	133.5	133.5		
Nov	131.0	132.0		
Feb	117.2	117.5	117.0	
Apr	117.0	117.5	116.8	
Jun	117.0	117.5	116.5	
Aug	112.0	112.5		

Turnover 3 (37) lots of 3,250 kg

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	377-377½	238¼-239¼
Opening	379-379½	240¾-241¼
Morning fix	378.50	240.853
Afternoon fix	377.00	238.606
Day's high	379-379½	
Day's low	375¾-376¼	
Coins	**$ price**	**£ equivalent**
Mapleleaf	386-391	244½-247½
Britannia	386-391	244½-247½
US Eagle	386-391	244½-247½
Angel	386-391	244½-247½
Krugerrand	376-379	238-240
New Sov.	89-90	56¼-57
Old Sov.	89-90	56¼-57
Noble Plat	498.90-506.80	316.85-321.70
Silver fix	**p/fine oz**	**US cts equiv**
Spot	333.70	524.90
3 months	345.55	536.10
6 months	359.10	547.05
12 months	383.10	566.55

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Nov	Jan	Nov	Jan
1650	128	114	23	49
1750	67	64	60	96
1850	30	33	121	161
Copper (Grade A)	**Calls**		**Puts**	
2550	156	148	69	133
2650	103	106	115	188
2750	65	73	175	262
Coffee	**Jan**	**Mar**	**Jan**	**Mar**
650	66	84	21	32
700	43	66	46	54
750	24	45	77	83
Cocoa	**Dec**	**Mar**	**Dec**	**Mar**
650	82	76	12	24
700	43	49	23	47
750	22	29	52	77
Brent Crude	**Dec**	**Jan**	**Dec**	**Jan**
1800	69	63	3	41
1850	32	38	15	66
1900	8	21	42	99

US MARKETS

IN THE METALS, consolidation was seen in most markets after last week's rallies, reports Drexel Burnham Lambert. Silver closed down 3.7 cents with high warehouse supplies noted. Copper fell sharply from fund activity. In the softs, coffee prices traded in a 444 point range basis December as Brazilian news and fund buying added volitility to the market. Sugar and cocoa were slow closing nearly unchanged in both. The gains were also uneventful as quiet, two-sided action was featured. The livestocks had a rally in the bellies as export news and buy stops fueled the advance. Live hogs and cattle were mixed after dull sessions. The energy complex was weak after mostly local activity. Gasoline futures posted the biggest decline due to spread trading against the crude and heating oil.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Nov	377.8	378.5	0	0
Dec	380.8	381.2	382.3	380.0
Feb	385.1	385.7	387.0	384.4
Apr	389.5	390.0	391.0	388.5
Jun	393.6	394.4	395.2	393.2
Aug	397.7	398.6	0	0
Oct	402.0	403.0	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jan	500.2	499.3	501.0	497.2
Apr	504.0	503.0	505.0	502.5
Jul	509.2	507.8	508.0	506.8
Oct	513.7	512.0	513.0	513.0
Jan	518.5	0	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Nov	524.3	528.1	523.5	523.5
Dec	528.3	532.0	531.5	526.0
Jan	531.2	534.9	0	0
Mar	539.5	543.5	543.0	538.0
May	547.5	551.2	561.0	546.0
Jul	555.3	559.0	559.0	553.5
Sep	563.2	566.9	566.0	561.0
Dec	574.7	578.4	577.0	573.5
Jan	578.4	582.1	0	0

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Nov	112.70	115.40	114.00	112.60
Dec	112.80	115.60	115.00	112.70

INDICES

REUTERS (Base: September 18 1931 = 100)

Oct 27	Oct 26	mnth ago	yr ago
1845.0	1841.9	1899.1	1884.0

DOW JONES (Base: Dec. 31 1974 = 100)

Spot	130.80	131.04	129.42	135.13
Futures	129.49	129.22	130.92	138.68

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Dec	19.72	19.77	19.87	19.72
Jan	19.46	19.57	19.62	19.45
Feb	19.29	19.42	19.43	19.27
Mar	19.15	19.30	19.30	19.13
Apr	19.02	19.19	19.15	19.02
May	18.91	19.08	18.95	18.91
Jun	18.83	18.97	18.95	18.82
Jul	18.70	18.86	18.89	18.70
Aug	18.60	18.75	18.77	18.65

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Nov	5775	5768	5810	5770
Dec	5810	5795	5855	5785
Jan	5795	5791	5835	5775
Feb	5710	5710	5750	5695
Apr	5310	5295	5346	5310
May	5170	5140	5185	5165

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Dec	973	973	983	969
Mar	989	989	996	985
May	1000	1003	1009	997
Jul	1014	1015	1021	1010
Dec	1064	1063	1066	1066
Mar	1089	1089	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Dec	74.35	73.06	75.00	71.50
Mar	76.48	75.04	77.40	74.00
May	78.68	77.25	79.25	76.25
Jul	80.70	79.10	81.20	78.25
Sep	82.65	81.25	83.00	81.80
Dec	86.00	83.75	86.50	86.40
Mar	88.83	87.00	89.05	89.05

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	14.05	14.09	0	0
Mar	14.09	14.07	14.15	13.94
May	13.87	13.87	13.92	13.71
Jul	13.67	13.66	13.70	13.50
Oct	13.21	13.29	13.29	13.12
Mar	12.90	12.86	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Dec	74.15	73.58	74.20	73.56
Mar	75.73	75.20	75.75	75.15
May	76.50	75.90	76.50	75.80
Jul	76.10	75.65	76.20	75.80
Oct	69.80	69.67	69.90	69.75
Dec	68.95	68.72	67.00	66.80
Mar	67.70	67.42	67.70	67.70

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Nov	131.10	131.35	132.10	131.10
Jan	124.25	124.20	124.50	123.75
Mar	124.40	123.95	124.40	123.75
May	124.90	124.50	124.50	124.50
Jul	125.40	125.60	126.00	125.20
Sep	125.60	125.75	0	0
Nov	124.90	124.95	0	0
Mar	124.80	124.95	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Nov	560/4	561/6	562/4	557/0
Jan	574/4	575/4	575/4	571/4
Mar	586/4	588/0	588/0	584/0
May	596/0	597/0	597/4	594/0
Jul	603/0	604/0	604/4	600/4
Aug	602/0	603/4	603/2	600/4
Sep	587/0	586/0	587/0	587/0
Nov	583/0	583/6	584/0	581/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Dec	19.31	19.23	19.37	19.10
Jan	19.62	19.43	19.57	19.35
Mar	19.95	19.84	20.02	19.76
May	20.25	20.10	20.33	20.11
Jul	20.59	20.55	20.65	20.45
Aug	20.62	20.60	20.60	20.65
Sep	20.70	20.57	20.80	20.70
Oct	20.82	20.67	20.95	20.80

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Dec	182.6	182.8	182.8	181.5
Jan	181.3	181.4	181.4	180.4
Mar	180.1	180.5	180.2	179.4
May	178.0	179.3	179.3	178.3
Jul	178.1	178.5	178.5	177.5
Aug	177.5	177.5	178.0	177.3
Sep	177.2	177.5	177.5	177.0
Oct	177.0	177.5	178.0	177.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Dec	241/0	241/6	242/6	240/4
Mar	243/6	244/2	245/4	242/6
May	247/6	248/6	249/4	247/2
Jul	250/4	251/2	252/0	250/2
Sep	242/0	244/0	245/0	242/0
Dec	239/2	241/2	240/6	239/0
Mar	246/0	248/0	0	0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Dec	396/6	396/4	400/2	396/4
Mar	399/2	399/4	400/4	398/2
May	379/0	380/4	380/4	377/0
Jul	348/4	349/0	350/6	347/0
Sep	353/4	354/0	0	0
Dec	365/4	366/0	366/0	365/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	74.15	74.12	74.30	73.80
Feb	73.55	73.42	73.72	73.25
Apr	73.75	73.70	73.87	73.55
Jun	71.00	71.05	71.17	70.85
Aug	69.40	69.45	69.60	69.37
Oct	69.00	69.25	69.15	68.95

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Dec	45.75	46.17	46.15	45.65
Feb	45.42	45.62	45.70	45.17
Apr	42.80	42.80	43.15	42.50
Jun	47.50	47.50	47.50	47.30
Jul	47.70	47.70	47.30	47.55
Aug	46.55	46.55	46.55	46.40
Oct	42.75	42.70	42.80	42.67
Dec	44.80	44.80	44.85	44.65

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	53.60	51.85	53.77	51.70
Mar	53.37	51.72	53.50	51.55
May	53.47	52.22	53.60	51.95
Jul	53.17	51.70	53.25	51.85
Aug	51.30	49.95	51.67	50.30

LONDON STOCK EXCHANGE

Recovery surprises a nervous market

Account Dealing Dates			
First Dealings:	Oct 16	Oct 30	Nov 13
Option Declarations:	Oct 26	Nov 9	Nov 23
Last Dealings:	Oct 27	Nov 10	Nov 24
Account Day:	Nov 6	Nov 20	Dec 4

*New time dealings may take place from 9.00 am two business days earlier

IN ONE OF the thinnest trading sessions this year, the UK stock market yesterday managed to regain almost two-thirds of the loss which greeted last week's sudden resignation of the Chancellor of the Exchequer, Mr Nigel Lawson.

The recovery was helped by a vigorous defence of her political position by Mrs Margaret Thatcher, the Prime Minister, in a television interview and by the firmer trend in the pound yesterday. But the stock market remained very nervous as it waited for Mr John Major, the new Chancellor, to face today's parliamentary debate on the economy.

Measured purely in terms of market indices, yesterday's recovery surprised a market still fearful that pressures on sterling could force another rise in UK interest rates. "A net loss of only 17 Footsie points on what we may call the Lawson Effect does seem rather small," commented Mr Chris Dillow at Nomura Securities.

The FT-SE Index closed 30.1 points up at 2,112.2, having regained the 2,100 mark with ease in early trading. Share prices were squeezed higher because marketmakers continue to keep trading books on a tight rein, preferring to change share price quotations rather than take stock or commitments to sell stock onto their trading ledgers.

The true picture of yesterday's market was disclosed by the Seaq share volume figures which struggled to reach 100m before midday and at the end of the session totalled only 256.6m, against recent poor averages of 350m-400m. It was clear yesterday that the big institutions had remained on the sidelines. The stock market was again led by the performance of the FT-SE December futures contract which held a premium of around 8 points until the close of the trading session.

The rally featured two separate areas of the equity market. Interest rate-sensitive stocks, including properties, retail and consumer issues, responded to sterling's relative firmness, which encouraged a softening in London money market rates and eased some of the immediate worry over base rates. Buyers also continued to buy stocks seen as defensive against the effects of a slow-down in the UK economy, such as banks, insurances and also the overseas earning stocks, notably pharmaceuticals and chemicals.

Equity analysts sounded cautious in their assessment of the rally. Market concerns focussed on the political climate surrounding the Conservative Government in the wake of Mr Lawson's departure, and on the outlook for the pound. Both factors could affect foreign investment in UK equities, and the stock market will consequently be paying close attention to today's debate in the House of Commons.

Maxwell deal welcomed

An apparent transatlantic time-lag in the announcement of Maxwell Communications' $500m sale of its Maxwell Graphics North American printing operation wrong-footed London dealers for a time yesterday. By the time sale had been confirmed in the UK market, the response from the share price had been largely completed.

The announcement was made early in the London day on a US-only information service. Good demand from New York for Maxwell shares was noted in London well before Wall Street opened, with traders at a loss to explain it. The shares advanced, putting in an extra burst after London analysts obtained confirmation of the story more than an hour ahead of the official announcement in the UK, which came only a few minutes before the market closed. By then the shares were already 9 better at 216p, and they made no further move. Turnover was a relatively good 1m shares.

Analysts were united in assessing the deal as good for the company. "This is the last big sell-off in the current disposals programme and it will help cut the gearing," said Ms Angela Bawtree, analyst at Warburg Securities. "And it happened sooner than expected." Mr Brian Sturgess, at BZW, said: "Maxwell Communications is now almost a pure publishing company."

Courtaulds advance

The proposed demerger of Courtaulds was greeted positively in the stock market. Dealers and analysts noted that floating off the textiles business would leave the chemicals sector looking fitter and could open the door for a bid for the textiles side.

Mr Lawrence Rubin, analyst at Kitcat & Aitken, explained that although the textile business accounted for 30 per cent of the profits, the chemicals side would be given a higher rating and probably account for 75 per cent of the market capitalisation after demerger. He said that acquisitive European textiles companies, such as DMC in France, would find it easier planning a bid for a much smaller textiles-only operation.

Courtaulds ran ahead on the announcement to 372p before, as one dealer put it, "the market realised it was still the same company" and the shares trickled back to 362p, still 15 better on the day. Turnover was a strong 8.3m shares.

Thin Jaguar trade

A further twist in the Jaguar story, as Daimler-Benz disclosed that it had held collaboration discussions with the UK luxury car manufacturer, sent the shares ahead again. With many shares now held by speculators and arbitrageurs waiting for Ford or General Motors to make a more definitive move, turnover in Jaguar shares was thin, only 1.9m moving across the market.

After a slow start, the share price jumped ahead to close at 747p, a net 22 gain on the day, with US buyers in the London market at the close.

Bank stocks managed good gains across the board but usually suffered from the general lack of business. This was not the case in NatWest where turnover of 3.7m was boosted by two single trades of 1m and 500,000. NatWest shares responded with a 7 rise at 292p. Lloyds, given a rough rise in recent days, rallied 9 to 354p while Barclays edged up 6 to 454p and Midland 4 to 310p.

Pearl added 9 at 630p after news that the 605p a share bid from Australian Mutual (AMP) attracted acceptances of only 0.53 per cent, taking AMP's stake to 18.8 per cent. AMP extended its offer to November 10.

Royal Insurance and Sun Alliance added 4 apiece at 474p and 287p after buy recommendations from Goldman Sachs. Goldmans said: "Royal is the principal beneficiary of the increasingly likely upturn in US premium rates and Sun has been left behind, unfairly in our view, because of concern over its holding in Commercial Union." Royal is expected to announce third quarter figures on November 16, with Goldmans going for £145m against £140m. Commercial Union is reporting on November 15 – Goldmans expects pre-tax profits of £112m against £152.8m – and the shares rose 6 to 455p.

A strong performance by crude oil prices – December Brent was up around 30 cents a barrel ahead of the OPEC meetings next month – helped the oil and gas sector. But activity was again low.

British Gas, hit last Friday by worries about the implications on the company's dividend policy of a Labour victory in the next UK general election, staged a modest rally to close a penny firmer at 186p.

BP were moderately firm throughout the session but picked up appreciably during the afternoon on a story, emanating from the US, that Pennzoil, the US company, may be building a stake in fellow-US oil group, Chevron. There have been hints of stake-building in Chevron as well as bid talk in other US oils during the past few weeks, and BP has been put up as one of the potential stake-builders. "If Pennzoil has been behind the Chevron buying, then it would seem to rule out BP as a potential bidder for a company valued on Wall Street at well in excess of $22bn," said one analyst. Pennzoil, specialists say, is sitting on a cash mountain of some $2.5bn.

Shell Transport, scheduled to report third quarter numbers on the same day as BP, November 9, edged up 3 to 419p on 1.8m.

Other oils were firmer but thinly traded. Burmah, among the sector's best performers over the past two months or so as SHV, the privately-owned Dutch group, increased its stake to 7.5 per cent, moved up 9 to 671p in turnover that failed to top 500,000 shares. Calor, where SHV is sitting of a 44 per cent holding, hardened 3 to 421p and Premier put on 2¼ to 103¾p.

There was no repeat of last week's flurry in Enterprise Oil, which commences its important Vietnamese drilling programme this week and which is currently involved in a round of presentations to brokers. Ultramar rose 3 to 313p.

Glaxo and Wellcome put in good performances as BZW began a fortnight of presentations to institutional investors in London and Edinburgh. Both companies are back on BZW's buy list following recent falls in their share prices.

Mr Steve Plag and Mr Jonathan de Pass, at BZW, are saying that although Glaxo's margins will fall this year, they will rise gently for the next three or four. On Wellcome they are giving their interpretation of the experimental results of trials of anti-Aids drug Retrovir which caused a sharp rise in Wellcome's price over the summer. Glaxo also benefited from the one-for-one scrip issue due next week.

Both companies joined SmithKline Beecham as arbitrage stocks to benefit from sterling's reassuring firmness against the dollar. SK Beecham "A" shares closed 13 up at 533p. Turnover in all three was thin.

Yale & Valor, the security and domestic appliance group, advanced 12 to 275p after weekend press reports that Racal Electronics was planning to bid for Yale's locks division.

Stores and brewers put in some of the best performances of the day, largely on technical grounds after last week's particularly sharp falls and the resulting widespread bear positions.

Ratners was helped by its acquisition of Weisfield's, a jewellery retailer based in Washington state in the US, for about £35m. The shares climbed 9 to 251p.

A suggestion that recent doubts over Boots' heart drug Manoplax were unfounded pushed the shares to 262p before scepticism set in and they eased to close 10 better on the day at 260p.

Marks & Spencer added 2½ at 180p ahead of interim figures tomorrow. M&S punts ahead of figures tomorrow. Volume was a steady 2.2m shares.

Christian Salvesen rose on news it had started construction of a new distribution centre to serve Marks & Spencer stores. Although an announcement had been expected, the news still gave the market a boost. It closed up 2 at 155p.

Among the food retailers, Asda was the busiest, as 3.2m shares changed hands in brisk two-way trading. Dealers said interest had been boosted since the Belzberg brothers, the Canadian arbitrageurs, recently announced they had raised their stake to over 5 per cent. Asda closed up 4 at 142p.

Building stocks, among the worst hit by the recent interest rate rise and fears of more to come, staged an impressive rally. RMC rose 24 to 603p and Tarmac 8 to 236p. A revival of the old stories that the Grove Charity Trust may be about to reduce its 35 per cent stake in George Wimpey, the construction group, saw Wimpey shares move up to 229p before closing a net 8 higher at 225p.

McCarthy & Stone, the sheltered homes group heavily sold last week, raced up 13 to 87p, while Anglia Secured Homes picked up 2 to 99p.

Prowting, the housebuilder due to report interim figures tomorrow – BZW forecasts pre-tax profits of £11.5m against £10.7m – rose 4 to 121p, while Westbury, reporting interims on Thursday, were 2 off at 177p; BZW expects the latter to come up with profits of £18m against £16.9m.

Shares of Rechem, the waste disposal group, were 37 higher at 555p, after Welsh Office scientists reported that they could find no discernible chemical contamination around Rechem's toxic waste plant in Pontypool, south Wales.

Reed International were particularly firm ahead of interim figures due out tomorrow. The shares closed 11 ahead at 377p on modarate turnover of 903,000 shares.

The announcement that Bermuda-based Pembridge Investments, run by Mr Roland Franklin, the financier, was extending its offer for DRG did nothing for the latter's shares. DRG slipped 19 to 546p as 388,000 shares changed hands.

There was vague talk, widely dismissed, that Mr Franklin might withdraw his offer. But most dealers said the weakness in the share price arose from fears that the delayed verdict from the Office of Fair Trading, which one analyst said would be published this week, might impede the bid.

Fears of the effects of an engineers' strike prevented British Aerospace and Rolls-Royce from joining the wider strong rise in share prices. Both firmed a penny to 547p and 159p respectively. Turnover in both was 1.2m shares, considered reasonable for BAe but below par for Rolls.

Kwik-fit, recently strong on hopes that West German tyre maker Continental might launch a full bid, succumbed to profit-taking. Kwik-fit gave up 4 to 164p; Continental has 13.13 per cent of the company.

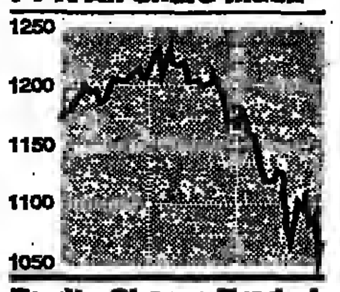
Cable & Wireless performed well, adding 5 at 470p on 1.8m, with dealers pointing out that C & W has been a beneficiary of recent trends in currencies, that Mercury has been going extremely well, and that the shares have fallen too far recently.

Thorn-EMI advanced 10 to 723p, after 726p, with much of the buying of last Friday and yesterday coming from Henderson Crosthwaite, the agency broker, after Mr Brian Newman, of Henderson's electronics research team, issued a buy note on the stock. Mr Newman expects Thorn to report interim pre-tax profits of £107m, up 12.5 per cent on last time's £97m, when the group announces its results on Novmber 16, despite losing an estimated £10m at its Rumbelows subsidiary. Mr Newman said the shares have fallen from a 1989 peak of 896p and represent "an excellent buying opportunity."

The property sector was again thinly traded as investors worried about the impact of high interest rates. The sector rose with the rest of the market

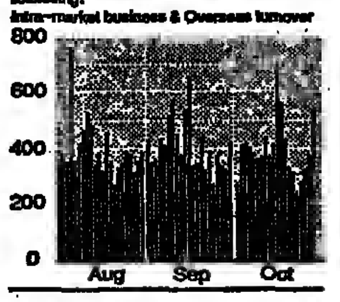
■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 29

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: Intra-market business & Overseas turnover



FINANCIAL TIMES STOCK INDICES

	Oct 30	Oct 27	Oct 26	Oct 25	Oct 24	Year Ago	1989 High	1989 Low	Since Compilation High	Since Compilation Low
Government Secs	84.33	84.37	85.31	85.21	84.88	89.31	89.29 (3/2)	83.75 (14/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	93.66	93.67	94.08	94.04	94.05	97.63	98.09 (15/3)	93.20 (19/10)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Shares	1701.7	1678.5	1720.5	1751.9	1739.3	1501.7	2008.6 (5/9)	1447.8 (3/1)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	223.8	209.5	198.8	195.8	195.1	168.6	223.8 (30/10)	154.7 (17/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2112.2	2082.1	2129.5	2161.9	2149.3	1852.4	2426.0 (5/9)	1782.8 (3/1)	2443.4 (16/7/87)	986.9 (23/7/84)
Ord. Div. Yield	4.66	4.92	4.81	4.72	4.75	4.65				
Earning Yld %(full)	11.65	11.85	11.59	11.36	11.42	11.72				
P/E Ratio(Net)(*)	10.35	10.20	10.43	10.64	10.58	10.34				
SEAQ Bargains(5pm)	19,626	26,298	22,058	20,020	23,289	22,241				
Equity Turnover(£m)†	-	1088.22	738.31	789.28	631.05	771.1				
Equity Bargains†	-	27,858	21,107	20,536	20,098	23,109				
Shares Traded (ml)†	-	529.7	379.7	336.2	296.6	344.4				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ☆ Nil 10.26

Ordinary Share Index, Hourly changes — Day's High 1708.2 — Day's Low 1695.1

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1695.1	1702.0	1701.6	1702.0	1702.0	1702.0	1703.9	1703.3

FT-SE, Hourly changes — Day's High 2117.1 — Day's Low 2101.2

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
2102.2	2108.4	2108.0	2110.0	2110.6	2111.5	2114.1	2112.6

GILT EDGED ACTIVITY

Indices*	Oct 27	Oct 26
Gilt Edged Bargains	105.7	96.6
5-Day average	104.9	103.5

*SE Activity 1974. †Excluding intra-market business & Overseas turnover. Calculation of the FT indices of daily Equity Bargains and Equity Value and of the five-day averages of Equity Bargains and Equity Value, was discontinued on July 31. Closing values for July 28 available on request.
London report and latest Share Index: Tel. 0898 123001.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change
ASDA Group	3,200	142	+4
Abbey National	1,800	142	+1
Allied-Lyons	1,200	447	
Amstrad	542	49	+1
Argyll Group	782	215	+2
As. Brit. Foods	152	375	+5
BAA	437	327	
BAT Inds.	979	739	+12
BET	2,800	250	+3
BICC	286	435	+2
BOC	218	478	+5
BPB Inds.	45	219	+3
BTR	1,800	397	+3
Barclays	1,300	454	+6
Bass	287	947	+17
Blue Circle	451	287	+6
Boots	4,750	268	+10
Brit. & Comm.	161	112	
Brit. Aerospace	1,200	547	+1
British Airways	1,400	191	+2
British Gas	4,358	186	+1
British Land	267	383	+4
BP	2,100	292	+6
British Steel	1,400	125½	+2
British Telecom	1,800	252	+2
Burmah Oil	499	671	+9
Burton	527	186	+4
Cable & Wireless	1,800	470	+6
Cadbury Schweppes	1,000	334	+6
Carlton Comms.	293	731	+13
Commercial Union	55	455	+6
Cookson	1,000	298	+2
Courtaulds	8,300	362	+15
Dalgety	765	362	+5
Dixons	2,800	110½	+1½
Eng. China Clays	439	393	+9
Enterprise Oil	170	599	+1
Fisons	808	326	+9
General Accident	64	1050	+7
General Elect.	1,500	218	+1
Glaxo	975	1308	+35
Globe Inv.	84	175	+3½
Glynwed Int.	92	298	+3
Granada	172	287	+7
Grand Met.	1,600	540	+2
GUS A	38	1005	+11½
GRE	58	216	+2
GKN	507	345	+6
Guinness	577	588	+5
Hammerson "A"	334	757	-5½
Hanson	4,700	202½	+2
Harrisons & Cros.	181	145	+1
Hawker Siddeley	762	604	+3
Hillsdown Hldgs	191	270	+4
IMI	291	217	+2
Imp. Chem.	706	1099	+13
Inchcape	357	266	+7
Jaguar	1,900	747	+22
Kingfisher	461	283	+7
Ladbroke	2,400	268	+6
Land Securities	545	505	+11
Laporte	14	445	-1
Legal & General	328	352	+3
Lloyds Bank	613	353	+8
LASMO	345	499	+3
Lonrho	4,200	244	+13
Lucas	249	584	+13
MB Group	295	181	+5
MEPC	539	493	+3
Marks & Spencer	2,200	180	+2½
Maxwell Comm.	1,000	216	+4
Mecca Leisure	703	151	-1
Midland Bank	748	310	+4
NatWest Bank	3,700	292	+7
Next	1,200	93	+2
Northern Foods	224	300	+10
Pearl	238	630	+9
Pearson	483	679	+7
P & O	180	564	+10
Pilkington	852	208	+5
Polly Peck Intl.	1,000	344	+14
Prudential	352	186	+2½
RMC	380	608	+5
RHM	213	463	+14
RTZ	2,200	492	+11
Racal	1,600	218	+1
Rank Org.	234	812	+8
Reckitt & Colman	825	1135	+11
Redland	183	487	+8
Reed International	903	377	+11
Reuters	367	906	+15
Rolls Royce	1,200	159	+1
Rothmans	168	663	+3
Royal Bk of Scotland	186	162	+2
Royal Insurance	2,500	474	+4
STC	509	279	+6
Saatchi & Saatchi	541	306	+12
Sainsbury	1,900	251½	+½
Scot & Newcastle	888	358	+9
Sears	1,559	106	+3
Sedgwick	130	270	+5
Shell Transport	1,800	419	+3
Siebe	136	465	+5
Slough Ests.	437	299	-2
Smith & Nephew	1,100	131	+2½
SmithKline Beecham	837	533	+13
Smiths Industries	204	259	
Standard Chartered	49	474	+5
Storehouse	144	117	+1
Sun Alliance	1,100	287	+4
T&N	365	189	+4
TI Group	139	425	+1
TSB	1,200	103	+1½
Tarmac	1,000	236	+8
Tate & Lyle	127	255	+3
Taylor Woodrow	616	257	+5
Tesco	2,500	180	
THORN EMI	544	723	+10
Trafalgar House	1,600	325	+14
Trusthouse Forte	2,400	269	+4
Ultramar	541	313	+3
Unilever	361	639	+12
United Biscuits	610	345	+8
Utd. Newspapers	263	450	+3
Wellcome	565	624	+19
Whitbread "A"	217	348	+5
Williams Hldgs.	325	227	+5
Wimpey	555	225	+8

NEW HIGHS AND LOWS FOR 1989

NEW HIGHS (95).
LOANS (1) N'wide Anglia 11⅞pc 6.11.89, CANADIANS (1) Am. Barrick Res., BANKS (1) Yasuda Tst & Bk., INSURANCE (1) Hibernian, MOTORS (1) Jaguar, PROPERTY (1) First Intl. Prop. Tst., TRUSTS (5) Baillie Gifford Japan, Drayton Warrants, Precious Metals Tst., Rorento, Topdenmark, MINES (17) Ang. Am. Gold, Doornkraal, Driefontein, Eastern Trans Cons., F.S. Cons Gold, Hartebeest, Kinross, Kloof Gold, Leslie, Loraine, OFS Invs., Southvaal, St. Helena, Stilfontein, Vaal Reefs, Welkom Gold, Winkelhaak.
NEW LOWS (46).
BRITISH FUNDS (1) Exchequer 15pc 1997, INT.BANK & O'SEAS GOVT. STLG. ISSUES (1) Utd. Mexico States, LOANS (5) N'wide Anglia 13⅞pc 23.4.90, Do. 13pc Bds. 14.5.90, Do. 14⅛pc 2.7.90, Do. 13⅞pc 28.7.90, Do. 13⅞pc 13.8.90, AMERICANS (4) Brunswick, General Host, Gt. American Bank, Texas Instr., CANADIANS (1) Varity, BANKS (1) Bank Scotland 9¾pc Pf., BREWERS (1) Eldridge Pope "A", BUILDINGS (2) Gibbs Dandy "A", Miller (Stan), CHEMICALS (1) Amersham Intl., ELECTRICALS (2) Pressac, Prestwick, FOODS (1) Cullen's, INDUSTRIALS (10) AAF Invs., BBA 6.7pc Pf., Beazer, Cannon Street Invs., Davis Godfrey, Grampian, Lincat, Lynx, Pergamon 1998, Westerly, MOTORS (1) BTS, PAPERS (2) Delyn Pack., Enso-Gutzeit, PROPERTY (3) Bilton (P), Chesterfield, Cussins Prop., SOUTH AFRICANS (1) Abercom, TRANSPORT (1) Davies & Newman, TRUSTS (8) London Merchant 7¾pc 2000/3, Mezzanine C & 1 Tst., River & Merc. Grd Inc., SPRAIT Pf., Throg USM Tst Warrants, UTC, MINES (1) Golconda Mins., THIRD MARKET (1) Edinburgh Hlb.

APPOINTMENTS

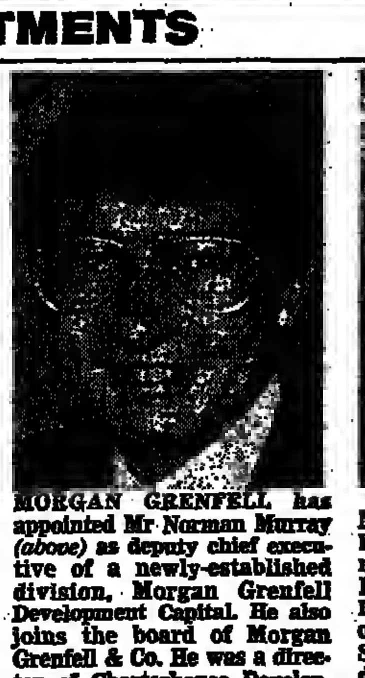
Taylow Woodrow makes management changes

TAYLOR WOODROW's chairman-designate, Mr John Topping, who was to take office on January 1, 1990, has decided not to do so on medical advice, *writes Andrew Taylor, Construction Correspondent.*

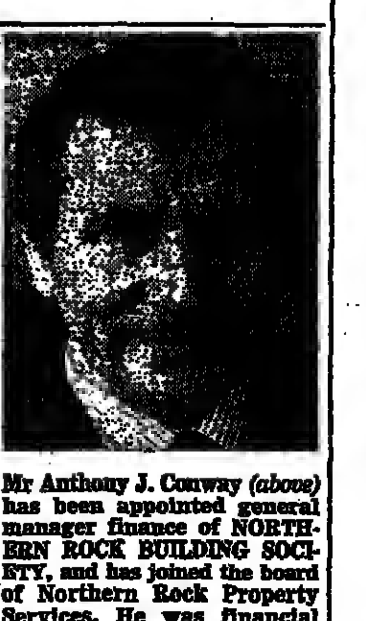
The group has instead appointed Mr Peter Drew, chairman of subsidiary St Katharine by the Tower, who has been with Taylor Woodrow since 1965. Mr Drew conceived and saw through the St. Katharine's Dock development near London's Tower Bridge.

Sir Frank Gibb, current chairman and chief executive, is retiring on December 31, when Mr Tony Palmer, managing director, Taylor Woodrow Construction, will become group chief executive, as previously announced.

Mr Peter Hedges, managing director, Taylor Woodrow Properties, who is regarded as a key figure in the future development of the group, will become deputy chairman.



MORGAN GRENFELL has appointed Mr Norman Murray *(above)* as deputy chief executive of a newly-established division, Morgan Grenfell Development Capital. He also joins the board of Morgan Grenfell & Co. He was a director of Charterhouse Development Capital.



Mr Anthony J. Conway *(above)* has been appointed general manager finance of NORTHERN ROCK BUILDING SOCIETY, and has joined the board of Northern Rock Property Services. He was financial director and treasurer Europe at Dataproducts International.

■ *Prudential Portfolio* Managers - investment management arm of PRUDENTIAL CORPORATION - has appointed Mr Rodney Dennis as director of equities. He joined PPM in December 1987 as assistant director in charge of international equity investment. His new role encompasses responsibility for both the UK and international equity fund managers in addition to PPM's team of UK company analysts. Mr Trevor Pullen, formerly in charge of equity investment, will assume responsibility for the development of PPM's investment operations on an international basis.

■ EDENCORP LEISURE has appointed Mr Don Robinson as a non-executive director from November 1. He is deputy chairman of Kunick, and chairman of Hull City FC.

■ Mr Grant Cochrane has been appointed a director of TR PROPERTY INVESTMENT TRUST. He is a director of The Edinburgh Investment Trust and other companies.

■ Mr Michael V. Manzoni has been appointed deputy chairman of DOUGLAS CONSTRUCTION. He was managing director, a post now filled by two directors. Mr Graham J. Wentzell becomes managing director, management contracting; and Mr John S. Brown becomes managing director, commercial construction.

■ Mr Michael Todhunter, chairman of Clyde Shipping Co, has been appointed London advisor to the YASUDA TRUST AND BANKING CO.

■ WHITBREAD AND CO has appointed Mr Alan Perelman as finance director, following the retirement of Mr Lionel Ross in February 1990. Mr Perelman will become finance director designate and a board member on November 1. The former group finance director of Gateway Corp will succeed Mr Ross on March 1. Mr Ross will remain on the Whitbread board until the annual meeting in July

■ Mr Richard Bailey, Mrs Caroline Banszky, Miss Penny Curtis, Mr Timothy Hancock, Mr Charles Mercey, Mr Jeremy Soames, and Mr Paul Tuckwell have been appointed directors of N.M. ROTHSCHILD & SONS. Mr Charles Tracy becomes a non-executive director.

■ THE JCA GROUP has appointed Mr Henry Holland as managing director of its marketing services subsidiary.

■ MIDAS CONSTRUCTION GROUP has appointed Mr Richard Masterman as its first non-executive director.

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	54.93	54.93	58.75	-0.27	4.66
Gilts & Fixed Int.	6	108.50	108.50	115.50	+0.40	8.66
High Inc Equity	6	124.40	127.90	136.10	+1.30	4.67
Worldwide Bond	6	207.80	207.80	221.00	+0.70	4.80
Capital Growth						
American Growth	6	196.40	198.90	211.70	-2.20	0.90
Asian Pacific	6	112.70	112.70	120.60	-2.30	1.00
Assets & Earnings	6	146.70	146.70	156.90	+0.50	2.36
Capital Reserve Acc	0	87.56	87.56	87.66	+0.19	4.55
Capital Reserve Inc	0	71.72	77.71	77.81	+0.17	5.14
Comdty & Energy	6	109.60	109.60	117.30	+2.60	1.62
1992 Enterprise	6	56.91	56.91	60.87	+0.6	2.10
Euro Capital Acc	6	94.20	94.20	100.00	-0.60	0.74
Euro Capital Inc	6	90.63	90.61	97.15	-0.61	0.77
General	6	164.80	164.80	176.80	+1.00	2.84
International	6	56.20	56.02	59.60	+0.26	0.84
Japan	6	124.3	125.7	133.8	+0.20	0.00
Mastertrust	6	89.39	89.39	95.61	+0.04	1.78
UK Growth Acc	6	174.0	174.0	186.10		1.50
UK Growth Dist	6	115.70	115.70	123.00	+0.90	2.36
US Emerging Cos	6	53.97	55.75	59.31	-1.07	0.00
Income & Growth	6	284.50	291.40	310.30	+2.70	[illegible]
Ethical	6	44.06	44.06	47.13	+0.16	[illegible]

Abtrust Management Ltd (1000)H

[illegible]

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♠ - 1401 to 1700 hours; ♣ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust Information pages.

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	Init. Chrg.	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gross
Smaller Co's	5	48.92	48.92xd	52.15	-0.04	1.82
Nth American	5	62.61	62.61	66.96	-0.21	1.65
International	5	48.43	48.43	51.79	-0.07	1.44
Asset Value	5	150.70	150.70	161.17	+1.21	4.43
Wright Seligman Fund Mngrs Ltd (1700)F						
11 Blomfield St, London EC2M 7AY 01-588 0592						
Intl Growth	5	110.55	110.55	116.37	----	4.03
UK Growth	5	90.35	90.35	95.10	----	3.15
UK Income	5	93.11	93.11	98.01	----	6.59
Weekly dealing day Tuesday						
The Yorkshire Unit Tst Mngrs Ltd (1100)F						
Woodsome Pk, Fenay Bdge, Huddersfield 0484 602250						
Yorkshire General	5¼	54.82	54.82	60.58	+0.26	2.90
YUTM UK Eqty Inc Tx	5¼	53.96	53.96	59.14	+0.21	2.07
YUTM Intl Gwth Tx	5¼	54.99	54.99xd	58.69	-0.47	0.76

OTHER UK UNIT TRUSTS

	Bid Price	Offer Price	+ or -	Yield Gross
Baillie Gifford & Co Ltd				
Int'l Expt Oct 4	560.4	581.9	----	0.67
Cent. Bd. of Fin. of Church of England‡‡				
2 Fore Street, London EC2Y 5AQ 01-588 1815				
Inv Fund Sept 30		541.23	----	4.72
Fxd Int Sec Sept 30		138.15	----	10.35
Deposit Sept 30		100.00	----	13.61
Charinco/Charishare‡‡ (1000)F				
33 King William Street, EC4R 9AS 01-280 2800				
C'inco Inc Oct 25	162.3	166.5	+1.30	9.86
C'inco Acc Oct 25	682.3	700.2	+5.70	9.86
C'share Inc Oct 25	149.5	155.4	-0.10	3.76
C'share Acc Oct 25	165.5	172.0	-0.10	3.76
CAFINVEST–Charities Aid Foundation				
48 Pembury Rd, Tonbridge TN9 2JD 0732 771333				
Balanced Growth		50.00	----	4.25
Income		50.00	----	8.00
Charities Official Invest. Fund‡‡				
2 Fore Street, London EC2Y 5AQ 01-588 1815				
Income Sept 30		517.27	----	4.95
Accum Sept 30		1750.42	----	-
Edinburgh Fund Mngrs PLC				
Exempt Funds				
American Oct 25	146.4	150.4	-0.1	2.49
Managed Oct 25	139.2	143.4	+2.8	2.81
Japan Oct 26	133.6	137.8	-0.5	0.13
Pacific Oct 27	514.5	528.4	-3.9	0.20
Sm Jap Cos Oct 27	375.6	385.9	-4.9	0.09
Fidelity Investment Services Ltd				
Mngd Pens P'tfolio	128.8	132.4	+0.40	0.84
Robert Fleming Asset Mngmt Ltd				
Am Exempt Oct 24	£446.66	451.28	----	1.95
Gen Exempt Oct 24	£126.05	128.72	----	3.81
Jap Exempt Oct 24	£691.95	705.77	----	0.48
Pacific Exempt Oct 24	£99.51	101.97	----	2.48
Intnatl Exempt Oct 26	£111.23	116.08	----	4.39
O'sea Intnl Expt Octobr 26	£114.09	116.65	----	1.87
Contl Euro Exempt Oct 24	£95.65	97.58	----	2.64
Foreign & Colonial Pens Mngt Ltd				
Exempt Funds				
Anglo-Nippon Oct 23	2294.8	2409.6	----	0.80
European Inc Oct 23	110.4	116.3	----	1.80
European Acc Oct 23	115.7	121.9	----	1.80
North American Oct 23	575.8	647.5	----	1.54
South East Asia Oct 23	301.6	316.9	----	2.14
Funds in Court*				
Capital Oct 18	476.4	478.0	----	2.24
Gross Oct 18	195.4	196.5	----	7.38
High Yield Oct 18	281.6	282.2xd	----	6.08
* Restricted to monies under Court control				
Henderson Unit Trust Management Ltd				
Pensions Mngd	49.66	52.07xd	+0.26	3.07
Lazard Brothers & Co. Ltd				
Property Oct 5	£3330.8	3540.0	----	4.5
Inc Gth Prp Oct 1	£1420.0	1480.0	----	6.8
Lazard Investors Ltd ‡‡				
Exempt Funds				
Small Co's Oct 23	£4019.1	4270.0	----	2.1
European Oct 23	£506.3	516.3	----	1.5
American Oct 23	£370.5	374.3	----	1.8
Far Eastern Oct 23	£785.1	799.9	----	0.7
Australian Oct 23	£156.9	160.2	----	2.8
Ridings Oct 13	£208.9	225.6	----	0.8
Northumbria Oct 12	£179.8	193.0	----	1.5
North West Oct 12	£257.1	278.0	----	0.7
East Coast Oct 13	£89.9	94.9	----	1.2
W Midlands Sept 30	£203.8	220.2	----	1.5
Local Authorities Mutual Invest. Tst.*				
2 Fore Street, London EC2Y 5AQ 01-588 1815				
Property Sept 30		240.70	----	5.87
Equity Sept 30		881.70	----	4.02
Fxd Int Sec Sept 30		95.00	----	10.91
* Available only to Local Authorities				
M & G Securities Ltd				
Charibond	101.0	101.0	+0.2	11.42
(Accum Units)	464.6	464.6	+0.7	11.42
NAACIF Oct 18		43.4	----	9.11
MIM Ltd				
Exempt Funds				
Intl Mngd P'Folio	1268.0	1368.0	----	-
Mngd Plus (Acc)	64.8	69.1	----	0.80
Morgan Grenfell Inv Mngmt Ltd				
Exempt Funds				
UK Equity Oct 24	£119.06	122.89	----	2.98
UK Small Co Oct 24	£612.38	647.14	----	1.86
Fixed Interest Oct 24	£101.58	102.06	----	8.60
US Small Co Oct 24	144.0	148.40	----	0.14
Managed Oct 24	103.80	109.27	----	-
Murray Johnstone UT Mngmt				
Murray Exempt Funds				
Amer Expt Oct 25	51.0	53.0	----	2.22
Euro Expt Oct 25	56.5	59.3	----	2.19
Fixed Int Ex Oct 25	47.2	49.5	----	9.99

INSURANCES

Continued on next page

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	Bid Price	Offer Price	+ or −	Yield Gross
Premium Life Assurance Co Ltd				
37-39, Perrymount Road, Haywards Heath 0444 458721				
American	122 0	129 0	....	−
Building Soc. Fd	176 0	186 0	..	−
Balanced	272 0	287 0	..	−
European	184 0	194.0	+1.0	−
GT Managed	184 0	194 0	.	−
Gartmore Mngd.	126 0	133 0	..	−
German	141 0	149 0	+1 0	−
Gilt	175.0	183 0	−1 0	−
Global	48 0	51 0	....	−
High Inc	107.0	113 0	.	−
International Equity	189 0	199 0	+1 0	−
Japan	272.0	287 0	+1 0	−
Managed	56 0	58.0	.....	−
Property	294 0	310.0	...	−
R. W. Imperial Gold	149 0	157.0		−
UK Equity	309 0	326 0	+2.0	−
Pension Funds				
American	154 0	163.0	..	−
Building Soc. Fd	179 0	189 0	..	−
Balanced	217 0	229 0	..	−
European	187.0	197.0	.	−
German	125 0	132 0	..	−
Gilt	154 0	163 0	...	−
International Equity	141.0	149.0	.	−
Japan	146 0	154 0	..	−
Managed	61 0	65.0	.	−
Property	225.0	237 0		−
UK Equity	298.0	314 0	+1 0	−
Professional Life Assurance Co Ltd				
Frobisher Hse. Nelson Gate, Southampton 0703 232323				
Pensions Managed Fund	*90.87*	*96.07*	..	−
Pensions Cash Fund	81 13	85 38	.	−
Prolific Life & Pensions Ltd				
Stramongate, Kendall, Cumbria LA9 4BE 0539 733733				
Managed Fund see Balanced Growth Managed Fund				
Life Funds				
Balanced Grth Mngd.	592 2	624 1	+3 2	−
Adventurous Mngd.	127 5	154 4	+0 5	−
Secure Mngd.	109 0	114 9	+0 9	−
Cash Fd	240 5	253.3	....	−
Property Fund	277 9	314 0	.	−
Equity Fund	665 8	701.6	+4 8	−
Fxd. Int. Fund	291 9	307.6	−0.3	−

	Bid Price	Offer Price	+ or −	Yield Gross
Prudential Holborn Pensions Ltd—Contd.				
Index Linked Gilt	202.7	213 4	+0 7	−
Guaranteed	13 83		+0.17	−
International Money	210 2	221.3	+1.5	−
North American	78.4	82 6	−0 7	−
Japanese	162.6	171.2	+1.3	−
European	104 9	110 5	−0 3	−
Special Situations	106 4	112.0	+1 2	−
Communications	101.1	106 5	−0 6	−
Smaller Companies	101.4	106 8	+0.4	−
International Small Cos	140 9	148.4	−0.6	−
Prudential Pensions Limited				
Holborn Bars, London EC1N 2NH 01-548 3281				
Discretionary Oct 25	£158 05	163 09	...	−
Equity Oct 25	£166 09	172.23	.	−
International Oct 25	£28.52	29.15	..	−
Intl Bond Oct 25	£12 73	12 90	...	−
Fixed Int Oct 25	£73 84	74 65	...	−
Index Linked Oct 25	£62.53	63 30	....	−
Property Oct 25	£116 40	123 26	...	−
Cash Oct 25	£21 9008	21 9008	...	−
Pru-Linked Retirement Plan				
Managed Oct 24	386 0	402 1	...	−
Cash Oct 24	205 6	214 2	..	−
Prudential Pensions Investment Account				
Pens Mngd Oct 30	150 7	162 1	...	−
Pens UK Eq Oct 30	273.6	295.1	+0.3	−
Pens Intl Oct 30	197 8	213 1	−0 1	−
Pens Fixed Oct 30	169.3	170 9	+0.3	−
Pens Index Lk Oct 30	161.3	170.3	−0 6	−
Pens Cash Oct 30	134 2	141.4	..	−
Regency Life Assurance Co Ltd				
Regency Hse, Lanark Sq, London E14 9XS 01-538 8800				
Aggressive Ptflio Fd	118.1	124.3	...	−
Balanced Ptflio Fd.	308 6	324.8	..	−
Cautious Ptflio Fd	122.7	129.1	.....	−
Ellie Fund	105.8	111.3	.	−
European Fund	89.5	94.2	.	−
Far East Fund	109.2	114 9	.	−
Fixed Interest Fund	246.5	259 4	−	−
International Fund	286.7	301.7	...	−
Money Fund	181 5	191 0	..	−
N American Fd	124 7	131.2	...	−
Property Fund	394 2	414 9	...	−
UK Equity Fd	364 0	383.1	....	−

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

MANAGEMENT SERVICES

JERSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

GUERNSEY (**)

JERSEY (**)

FT UNIT TRUST INFORMATION SERVICE

ISLE OF MAN (**)

LUXEMBOURG (**)

OFFSHORE INSURANCES

OTHER OFFSHORE FUNDS

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

BRITISH FUNDS—Contd

1989 High	1989 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
102	94¼	Conversion 9½pc 2004	98	+	9.88	10.00

Over Fifteen Years

1989 High	1989 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
103	94½	Conversion 9½pc 2005	96	+	[illegible]	9.97
111	102	Exch. 10½pc 2005	104	+	[illegible]	9.95
125	115	Treas. 12½pc 2003-05	117	+	[illegible]	10.13
90	82	Treas. 8pc 2002-06	84	+	[illegible]	9.89
105	97	Conversion 9¾pc 2006	98	+	[illegible]	9.90
118	109	Treas. 11¾pc 2003-07	111	+	[illegible]	10.14
96	87	Treas 8½pc 2007	89½	+	[illegible]	9.75
134	123	Treas. 13½pc '04-08	120	+	[illegible]	10.08
101	92	Treas. 9pc 2008	94	+	[illegible]	9.68
92	84	Treas 8pc 2009	85	+	[illegible]	9.63
102	93	Conv 9pc Ln 2011	94	+	[illegible]	9.60
68	62	Treas. 5½pc 2008-12	63	+	[illegible]	9.42
89	82	Treas. 7¾pc 2012-15	82	+	[illegible]	9.55
132	121	Exch. 12pc '13-'17	122	+	[illegible]	9.62

Undated

1989 High	1989 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
45	41	Consols 4pc	41	.....	9.70	–
40	36	War Loan 3½pc	36	.....	9.56	–
70	60	Conv. 3½pc '61 Aft.	62½	.....	5.60	–
41	31	Treas. 3pc '66 Aft.	32	.....	9.48	–
30¼	25	Consols 2½pc	25	.....	9.71	–
29½	25	Treas. 2½pc	25	.....	9.78	–

Index-Linked

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

1989 High	1989 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
[illegible]	98	N'wide Anglia 11pc 6.11.89	99	+	11.82	17.57
100	98	Do. 12pc 4.12.89	99	+	12.37	16.03
100	99	Do. 12pc 2.1.90	99	+	12.89	15.74
100	98	Do. 12pc 29.1.90	99	−	12.68	15.76
100	98	Do. 12pc 26.2.90	98	−	12.83	15.69
100	98	Do. 12pc 19.3.90	98	−	13.01	15.71
100	98	Do. 13pc 23.4.90	98	−	13.51	15.66
100	98	Do. 13pc 14.5.90	98	−	13.16	15.62
100	98	Do. 13pc 4/6/90	98	−	13.84	15.55
100	99	Do. 14pc 2.7.90	99	−	14.44	15.54
100	98	Do. 13pc 23.7.90	98	−	13.80	15.35
100	98	Do. 13pc 13.8.90	98	−	13.63	15.22
107	98½	Do. 3¾pcIL Ln 2021	106	+	4.21	4.30

Public Board and Ind.

1989 High	1989 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
47	43	Met. Wtr. 3pc 'B'	46	.....	6.52	10.62

FOREIGN BONDS & RAILS

1989 High	1989 Low	Stock	Price £	+ or −	Div % Gross	Red. Yield
45	40	Greek 7pc Ass.	40	.....	3.50	f8.75
45	40	Do. 6pc 28 Stb. Ass.	40	.....	3	f7.50
45	40	Do 4pc Mixed Ass.	40	.....	2	f5.00
80	65	Hung. '24 Ass.	80	.....	2.75	f3.57
139	128	Hydro Quebec 15pc 2011	129	+	15.00	11.36
128	118	Iceland 14½pc Ln 2016	128	+	14.50	11.87
97	91½	Ireland 9¾pc '91-96	91½		9.75	11.50

AMERICANS

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

LONDON SHARE SERVICE

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AMERICANS—Contd

1989 High	Low	Stock	Price	+ or -	Div Gross	C'vr	Y'ld Gr's
39⅝	18¾	Gillette $1	27¾	-⅛	96c	-	2.2
987p	565p	Gt American Bank $1	565p	-21	20c	-	2.2
23¾	16¼	Greyhound $1½	18¾	-¾	$1.32	-	4.5
14⅛	847p	Hasbro Inc 50c	14⅛	.....	16c	-	0.7
57½	32¾	Honeywell $1½	52⅞xd	-⅝	$2.10	-	2.6
22⅝	15¼	Houston Inds.	22⅛	+⅝	$2.96	-	8.4
76¾	62⅞	IBM Corpn $1¼	63⅞xd	-⅞	$4.84	-	4.8
60p	45p	Image Storage/R.Sys.Ic.	52p	+2	-	-	-
32¼	18¾	Ingersoll-Rand $2	26¼xd	-⅝	$1.20	-	2.9
33¼	22½	Lockheed Crpn. $1	28xd	-⅛	$1.80	-	4.1
22⅝	13¾	Lone Star Inds $1	16⅝xd	-½	$1.90	-	7.2
27⅞	17½	Louisiana Land 15c	23¼xd	-⅞	$1.00	-	2.7
20½	11½	Lowe's 50c	10⅞	+⅛	48c	-	1.6
28⅛	13⅞	Manuf. Hanover $1	24½	-⅛	$3.28	-	8.5
22⅝	13⅞	Merrill Lynch $1	17⅞	-⅞	$1.00	-	3.5
2477p	1910p	Molex Inc	2360p	-40	3.2c	-	-
30⅝	18⅛	Morgan (JP) $2½	26⅞xd	-½	$1.66	-	3.9
28⅞	24⅛	Morris (Phillip)	26⅛xd	.....	$1.13	-	2.7
54½	36⅛	NYNEX $1	49½	+⅛	$4.36	-	5.6
44p	20p	N'wide Legal Serv.	24p	-3	-	-	-
24⅞	18⅛	PHH Corp.	22⅞	+⅛	$1.12	-	3.1
259p	179p	Pacific Agr.	190p	.....	-	-	-
27⅛	19	Pacificorp $3¼	26⅞xd	+⅛	$2.76	-	6.3
30⅛	16⅞	Pacific Telesis 10c	27⅝	-⅛	$1.88	-	4.3
22⅞	13⅛	Pall Corp. 25c	19⅜	-⅝	48c	-	1.5
55⅜	39⅞	Pennzoil 83 1/3c	48⅞xd	-⅞	$3.00	-	3.9
42⅛	28⅝	Quaker Oats $5	38⅞	-⅞	$1.20	-	2.0
32⅜	23½	Rep NY Corpn $5	29½xd	-⅞	$1.28	-	2.7
16⅞	11⅞	Rockwell Intl. $1	16⅞xd	.....	78c	-	3.1
29½	22	Sears, Roebuck 75c	24⅞	.....	$2.00	-	5.1
37½	21⅝	Southwestern Bell $1	35½	-½	$2.60	-	4.6
27⅞	17⅞	Sun Co. Inc. $1	24¼xd	-½	$1.80	-	4.7
31⅛	22⅞	TRW Inc. 62½c	29⅞	+⅞	$1.72	-	3.7
24⅞	14⅛	TW Services $5	19⅞	-⅛	10c	-	0.3
40⅞	26⅛	Tenneco $5	36⅛	-½	$3.04	-	5.3
35⅞	28	Texaco $6.25	32⅞xd	-⅞	$3.00	-	5.0
28⅞	19⅞	Texas Instr. $1	19⅞xd	-⅝	72c	-	2.3
117⅞	58⅜	Time Inc. $1	84½	-2⅛	$1.00	-	0.8
19⅜	14	TRINOVA Corp.	14⅞	-⅞	s68c	-	2.9
26⅛	16	USX $1	21⅛xd	+⅛	$1.40	-	4.2
321p	126p	Unilab	288p	.....	-	-	-
36⅝	22⅛	Utd. Technologies	32⅞xd	-½	$1.60	-	3.1
158p	121p	Utilitech Inc.	121p	.....	-	-	-
48⅛	31½	US West	43½	+⅛	$3.76	-	5.5
43⅛	22⅝	Waste Management $1	39¼xd	-1⅞	60c	-	1.0
20½	13½	Whirlpool $1	16⅛	-⅛	$1.10	-	4.3
24⅛	16⅞	Whitman Corp.	18½	-⅛	$1.02	-	3.5
46⅛	28⅛	Woolworth $3½	36⅞	-⅛	$1.88	-	3.3

CANADIANS

1989 High	Low	Stock	Price	+ or -	Div Gross	C'vr	Y'ld Gr's
178p	129p	ABM Gold Corp	169p	+7	-	-	3.2
26p	4½p	Abbot Energy Corp.	25½p	.....	-	-	-
17¼	902p	Amer. Barrick Res.	17¼	+1⅛	-	-	-
28p	10½p	Armeno	17½p	+1⅛	-	-	-
33½p	8½p	Augmitto Expln.	13p	.....	-	-	-
18⅝	12⅞	Bk. Montreal	17⅞	-⅛	$2.12	-	6.4
10⅞	655p	Bk. Nova Scot.	914pxd	+4	92c	-	5.5
821p	599p	BC Gas $1	812p	+3	60c	-	4.0
23½	17	BCE	22⅞	+⅛	$2.44	-	5.8
17	12⅛	Brascan	14⅞	-⅛	88c	-	3.2
228p	108p	Breakwater Res.	154p	+14	10c	-	3.5
17½	11⅛	Can. Imp Bank	16⅞	.....	$1.24	-	-
15¼	997p	Can. Pacific	13	-⅛	76c	-	3.0
41½	38	Do. 4pc Deb £100	38	.....	4%	-	10.5
588p	374p	Central Capital "A"	528p	-4	-	-	-
499p	340p	Corona Corp.	474p	+36	-	-	-
382p	228p	Cons TVX Min.	366p	+29	-	-	-
775p	506p	Derlan Inds.	528p	-4	11.75c	-	1.2
10⅞	751p	Echo Bay Mines	18	+⅞	$0.07	-	0.4
572p	336p	ECO Corp	486p	-5	-	-	-
236p	159p	Galactic Resources	165p	+1	-	-	-
417p	243p	Gandalf Techs. Inc.	370p	-10	-	-	-
186p	122p	Granges Inc.	133p	+9	-	-	-
27½p	5p	Gt Pacific Res.	5½p	.....	-	-	-
903p	651p	Gulf Canada	853p	-3	52c	-	-
15	10⅛	Hawker Sid Can	13⅞	+⅛	$1.08	-	-
		For Henlys see Sechura Inc.					
20⅞	11⅝	Hudson's Bay	18⅛	-⅛	60c	-	1.7
34⅝	23	Imperial Oil	32⅞	.....	$1.80	-	3.0
23⅞	14⅛	Inco	18⅛	-⅛	s$0.80	-	2.7
290p	102p	Madeleine Mines	179p	+4	-	-	-
193p	103p	Muscocho Expln.	106p	+3	-	-	-
126p	60½p	Nevada Goldfields	73p	-2½	-	-	-
593p	456p	Nova Corp of Alberta	461pxd	-19	42c	-	4.9
14½	10⅞	Rio Algom	13⅞	.....	85c	-	3.4
26⅛	17⅛	Royal Bk. Can.	25½xd	.....	$2.20	-	4.7
47⅜	33⅛	Seagram	52⅞	-⅞	US$1.40	-	1.7
700p	348p	Sechura Inc.	596p	+3	-	-	-
112p	73p	Sonora Gold Corp	92p	+6	-	-	-
109p	36p	Tant Pure Tech. Corp	36½p	+½	-	-	-
12⅛	806p	Toronto-Dom. Bk	11⅛	-⅛	76c	-	3.7
944p	686p	Trans Can Pipe	907p	+3	68c	-	4.1
184p	133p	Varity Corp	133p	-8	B-	-	-

BANKS, HP & LEASING

1989 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
*285	216	ANZ $A1	271	+5	st034½c	2.0	6.1	8.2
162	134	Abbey National 10p.	142	+1	17.7	2.7	7.2	5.8
*205	120½	Allied Irish Ord.	196	.....	h068%	3.3	3.9	10.6
£13¼	£11⅛	Algemene Fl.10	£12⅞	+⅛	028%	2.0	6.9	7.3
*80	61	Anglo Irish	76	.....	s012½%	4.0	6.1	11.0
79	57	Ansbacher (H.) 1p.	58	.....	2.0	-	4.6	-
£68⅞	£38⅞	Bancaire Cie Fr100.	£58⅝	-1⅛	Ø12½%	-	2.1	-
£46⅛	£35⅞	Banco Bilbao Viz.	£44	.....	035.7%	2.0	2.9	17.1
£33	£28	Banco de Santander	£28⅛	-2⅛	021%	2.4	2.6	13.8
*253	169	Bank Ireland Ir£1	246	-1	s012.7%	3.2	4.5	8.9
£19½	£17½	Bank Leumi	£19½	.....	-	-	-	-
350	345	Bank Leumi (U.K.)	345	.....	†13.5	-	5.2	-
116	88	Bank Scotland	96	.....	†3.8	3.6	5.3	6.9
111¼	99	Do. 9¼pc Irrd Pf.	99xd	-6	9¼%	-	12.5	-
*67	49	Bank of Wales	49	.....	2.8	1.6	7.6	10.2
*560	404	Barclays £1	454	+6	†23.0	3.5	6.8	5.2
31	22	Benchmark 20p.	24	.....	1.63	1.0	9.0	13.8
354	285	Brown Shipley £1.	300	.....	10.5	-	4.7	-
430	325	Cater Allen £1	360	.....	23.5	-	8.7	-
259	137	Chancery	177	+2	8.0	2.8	6.0	7.8
£18⅝	£14½	Commerzbk DM10	£16⅞	-⅛	Q18%	-	3.7	-
*£28⅞	£22¼	C'hgn.Hbk.Kr100	£26⅝	+⅝	grQ15%	-	4.9	-
£16⅞	£10⅞	Dai Ichi Kbk Y50	£15	+⅛	Q15%	2.4	0.2	-
*£24⅛	£15⅛	Deutsche Bk DM50.	£22⅝	+1⅛	Q24%	-	1.8	-
£21⅝	£17⅝	Espirito Santo	£20½	.....	Q75c	3.3	2.3	13.2
260	182	First Nat. Fin. 10p.	185	-1	†11.5	2.8	8.3	5.2
134	90	FNFC 6.3pc CnRedPref	96	+1	6.3%	-	8.7	-
£16⅝	£14¼	Fuji Bank Y50	£14½	.....	Q15.6%	♦	0.2	♦
295	230	Gerrard & National	255xd	+3	18.5	-	9.7	-
144	95	Goode Durrant 5p.	113	-1	4.5	-	5.3	-
148	118	Guinness Mahon 10p	144	.....	♦1.2	-	1.1	-
255	197	Hambros 20p.	215	+3	10.0	-	6.2	-
104	90	Do. 7.5pc Cv Pf.	97	+1	7½%	-	10.3	-
52	39	HK & Shang. HK$2.50	51	+1	HQ36c	-	5.8	-
495	425	Joseph (Leo) £1	425	.....	15.85	-	5.1	-
140	115	King & Shaxson 20p.	118	.....	9.25	-	10.5	-
387	277	Kleinwort Benson Grp.	329	.....	14.0	-	5.7	-
423	319	Lloyds £1	353	+8	†16.8	4.5	6.3	4.7
48	40	Lon. Scot. Bank 10p.	43	.....	†2.05	1.9	6.4	9.9
389	287	Midland £1	310	+4	†h16.4	3.3	7.1	5.8
£15¼	£12⅞	Mitsubishi Bank Y50.	£14⅞	+⅛	Q13%	♦	0.2	♦
£14⅛	£11⅛	Mitsubishi Tst & Bk Y50	£12⅝	-⅛	Q16%	8.2	0.3	42.9
420	257	Morgan Grenfell £1.	400	.....	†10.85	-	3.6	-
*339	269	Nat Aust. Bk. A$1	330	+8	sQ32c	1.5	4.7	14.3
365	255	NatWest £1	292	+7	†bl4.12	4.4	6.4	4.6
£220	£160	Ottoman Bank	£196	.....	Q90%	-	4.6	-
83	50	Rea Bros. Group	57	.....	0.5	-	1.2	-
*240	155	Rothschild (J) Hldgs.	185	.....	9.5	3.3	6.8	5.8
187	139	Royal Bk. Scotland	162	+2	†h6.0	4.9	4.9	5.5
£13⅛	£10⅞	Sanwa Bank Y50	£11⅞	-⅛	Q16%	♦	0.4	♦
175	124	Scandinavian Bk Units.	137	+1	†8.5	-	8.3	-
1455	870	Schroders £1	1355	+30	19.5	-	1.9	-
1085	655	Do. £1 N/V	1055	+30	19.5	-	2.5	-
£33⅞	£19⅞	Sec. Pacific $10	£27⅞	-⅞	Q$1.96	-	4.6	-
*572	449	Standard Chartd. £1	474	+6	33.9	2.9	9.5	4.1
£19⅞	£14¼	Sumitomo Bank Y50	£15½	-⅛	Q15%	7.5	0.2	61.5
£13⅞	£11¼	Sumitomo Tst & Bk Y50	£12⅝	.....	Q16%	8.1	0.3	43.0
133⅝	97	TSB	103	+1½	†5.24	3.1	6.8	6.4
234	144	TSB Ch'nel Is'l	147	.....	†06.1	3.5	4.1	7.4
1091	1061	Tokai Bank Y50	1091	.....	Q16%	4.1	0.3	74.3
563	470	Union Discount £1	525	.....	30.0	-	7.6	-
465	277	Warburg (S.G.)	405	+3	12.5	-	4.1	-
154	98	Do 6pc Cnv Prf	135	.....	6%	-	3.9	-
*284	226	Westpac $A1	250	+5	sQ33c	1.7	6.3	9.3
468	408	Wintrust 20p.	408	.....	7.8	-	2.5	-
925	875	Yasuda Tst & Bk. Y50	925	+1	Q16%	9.3	0.4	28.1

Hire Purchase, Leasing, etc.

1989 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
545	224	Anglo Grp. 10p.	360	+10	5.0	3.8	1.9	15.3
£190	£105	Do. 9½pc 1999	£135	.....	Q9½%	-	7.0	-
*373	180	CLF Yeoman 50p.	190	+10	gtQ6%	3.4	5.4	6.0
100	51	Capital Leasing Ir.10p	80	+5	Q13.7%	♦	1.4	♦
78	51	Cattle's (Hldgs) 10p.	54	+1	†3.25	2.2	8.0	7.6
38	15	Equity & Gen 5p.	25	+3	†1.5	1.7	8.0	(8.9)
365	303	Prov. Financial	333	+1	†18.0	1.6	7.2	8.7
225	100	Reflex Invs. Ir5p.	225	.....	Q26.4%	♦	0.5	♦
236	146	Secure Trust Grp. 1p.	192	.....	W7.09	1.5	4.9	9.7
187	127	Woodchester Ir20p.	155	.....	Q11½%	6.2	1.3	14.3

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES—Contd

ELECTRICALS

ENGINEERING

ENGINEERING—Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.)—Contd

INDUSTRIALS (Miscel.)—Contd.

INSURANCES

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LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING, ADVERTISING – Contd

[illegible]

PROPERTY

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES – Contd

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND – Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS – Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES – Contd

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

1989 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
32½	10	Do. Wrrnts. .... γ	25	......	–	–	–
10¼	5	Wilton Group 1p... γ	6	+½	–	–	–

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ■ "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ● Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially listed.
- ‡ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs ■ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e *Redemption yield. f Flat yield. g Assumed dividend and yield.* h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend *and yield based on merger terms. z Dividend and yield include a* special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, *cover and P/E based on latest annual earnings. M Dividend and* yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Albany Inv 20p.... γ	86	......
Craig & Rose £1... γ	830	......
Finlay Pkg. 5p.... γ	68	......
Holt (Jos) 25p..... γ	1349	......

IRISH

Stock	Price	+ or –
Cap. 8½% Ln. 1991..	£97	......
9pc Cap Ln. 1996..	£97½	......
Fin. 13% 97/02...	£117	......
Arnotts	408	......
Carrol (P.J.)...... γ	145	......
Hall (R. & H.)......	158	......
Heiton Hldgs....... γ	90	......
IRG.....	238	......
United Drug.........	195	......

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	38
Amstrad	11
BAT	88
BOC Grp.	42
BSR	6½
BTR	32
Barclays	42
Blue Circle	24
Boots	25
Bowaters	44
Brit Aerospace	52
British Steel	7½
Brit. Telecom	21
Burton Ord	18
Cadburys	46
Charter Cons	48
Comm Union	32
Courtaulds	30
FKI	14
FNFC	22
Gen Accident	85
GEC	20
Glaxo	110
Grand Met	48
GUS 'A'	90
Guardian	18
GKN	34
Hanson	16
Hawker Sidd	68
ICI	190
Jaguar	25
Ladbroke	23
Legal & Gen	26
Lex Service	33
Lloyds Bank	29
Lucas Inds.	58
Marks & Spencer	15
Midland Bk.	30
Morgan Grenfell	24
Nat West Bk.	25
P & O Dfd	55
Plessey	22
Polly Peck	26
Racal Elect	20
RHM	42
Rank Org Ord.	80
Reed Intnl	34
STC	32
Sears	10
Smithkline Bchm. A	50
TI	38
TSB	10
Tesco	14
Thorn EMI	58
Trust Houses	24
T&N	18
Unilever	46
Vickers	18
Wellcome	42

Property	
Brit Land	32
Land Securities	52
MEPC	50
Randsworth	28

Oils	
Brit Petroleum	21
Burmah Oil	50
Calor	35
Charterhall	2½
Premier	9
Shell	32
Ultramar	26

Mines	
Cons Gold	150
Lonrho	58
RTZ	40

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling moves up nervously

STERLING IMPROVED in nervous foreign exchange trading yesterday. Volume was not heavy, with speculators adopting a wait and see approach to the pound, ahead of the defence of government economic policy in parliament today by Mr John Major, the new UK Chancellor of the Exchequer.

Dealers said the big action will not begin until Mr Major has spoken. They added that given his lack of experience as a policy-maker it would only take a small faux pas to give totally the wrong impression to financial markets.

In the absence of speculative money flows, corporate demand pushed sterling higher, encouraged by intervention to support the pound from the Bank of England. The central bank intervened quickly as London started trading yesterday, buying sterling against the Ecu. This did not appear to be particularly aggressive but helped to stabilise the pound. Later in the day corporate buying of sterling against the Ecu was seen, and this was reported to be on a larger scale than the Bank' action.

The pound moved up to DM2.8875 on news of the early intervention and was holding around that level in late morning trading. It gained another 1½ pfennigs to touch the day's high of DM2.9025 before closing at DM2.9000, compared with DM2.8850 on Friday. Sterling gained 20 points to $1.5785 and also rose to Y224.25 from Y223.75; to SFr2.5375 from SFr2.5225; and to FFr9.8425 from FFr9.7975. The pound's index touched a low of 87.9 in the morning, but closed 0.1 higher on the day at 88.3.

The dollar moved within a narrow range. With attention on sterling, the US currency is expected to stay between DM1.8250 and DM1.8450 unless today's figures on September USleading indicators provide a major surprise. These are expected to rise 0.4 per cent against 0.3 in August. The next important test for the dollar could be on Friday with publication of US employment data, but these figures may be distorted by the affects of Hurricane Hugo.

After a quiet day the dollar rose at the London close to DM1.8366 from DM1.8305; to Y142.10 from Y141.95; to SFr1.6070 from SFr1.6005; and to FFr6.2350 from FFr6.2150. The dollar's index fell to 69.5 from 69.6.

Nervousness surrounding sterling as a high yielding currency has tended to increase the attraction of the Australian dollar. The Australian currency closed firm at 77.935 US cents in Sydney yesterday, and opened at 78.05 cents in London. It climbed steadily to finish at 78.33 cents.

Trading among EMS currencies was relatively calm, but not uneventful. The Spanish peseta gained ground on the tight election victory of the ruling Socialist government in Madrid. The Danish krone remained the weakest EMS member, but stayed within its cross rate limit against the D-Mark, in spite of the resignation of Mr Palle Simonsen as Danish Finance Minister.

£ IN NEW YORK

Oct.30	Latest	Previous Close
£ Spot	1.5800-1.5810	1.5800-1.5810
1 month	0.84-0.83pm	0.90-0.88pm
3 months	2.39-2.36pm	2.64-2.62pm
12 months	6.30-6.20pm	8.90-8.80pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Oct.30	Previous
8.30 am	88.0	88.2
9.00 am	87.9	88.4
10.00 am	87.9	88.6
11.00 am	87.8	88.5
Noon	87.9	88.5
1.00 pm	87.9	88.6
2.00 pm	88.0	88.5
3.00 pm	88.2	88.3
4.00 pm	88.3	88.2

CURRENCY RATES

Oct.30	Bank rate %	Special* Drawing Rights	European † Currency Unit
Sterling £	-	[illegible]	[illegible]
U.S Dollar	7	1.27533	1.11661
Canadian $	12.46	[illegible]	1.31179
Austrian Sch.	6½	16.5795	14.6299
Belgian Franc	10¼	49.5019	43.0230
Danish Krone	10½	9.17600	7.97818
Deutsche Mark	6	2.35617	2.04876
Neth. Guilder	7	2.66225	2.31283
French Franc	9½	8.00397	6.95815
Italian Lira	13½	1730.18	1504.30
Japanese Yen	3¼	181.607	158.704
Norway Krone	8	[illegible]	7.69009
Spanish Peseta	[illegible]	150.081	130.387
Swedish Krona	9½	8.19463	7.14519
Swiss Franc	6.00	2.06221	1.79328
Greek Drach.	20½	210.761	183.124
Irish Punt	[illegible]	0.885034	0.772633

* Sterling quoted in terms of SDR and ECU per £. † European Commission Calculations. * All SDR rates are for Oct.27

CURRENCY MOVEMENTS

Oct.30	Bank of England Index	Morgan** Guaranty Changes %
Sterling	88.3	-23.0
U.S.Dollar	69.5	-8.7
Canadian Dollar	104.6	+1.3
Austrian Schilling	108.0	+10.9
Belgian Franc	107.4	-4.9
Danish Kroner	105.5	-9.5
Deutsche Mark	115.4	+22.7
Swiss Franc	107.9	+16.8
Guilder	112.1	+14.9
French Franc	101.1	-9.1
Lira	97.4	-19.1
Yen	126.8	+67.0

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100) **Rates are for Oct.27.

OTHER CURRENCIES

Oct.30	£	$
Argentina	1026.00-1034.25	650.00-655.00
Australia	2.0155-2.0180	1.2765-1.2780
Brazil	8.6680-8.7030	5.5130-5.1380
Finland	6.7050-6.7175	4.2450-4.2470
Greece	256.10-260.60	162.80-165.40
Hong Kong	12.3265-12.3395	7.8070-7.8090
Iran	115.00*	71.80*
KoreaSth	1068.45-1065.35	669.10-674.30
Kuwait	0.46870-0.47130	0.29870-0.29970
Luxembourg	60.80-60.90	38.50-38.60
Malaysia	4.2695-4.2800	2.6930-2.6945
Mexico	4144.60-4148.45	2626.50-2627.50
N. Zealand	2.6820-2.6880	1.6995-1.7025
Saudi Ar.	5.9155-5.9180	3.7495-3.7505
Singapore	3.0835-3.0900	1.9540-1.9560
S. Af Cm	4.1445-4.1635	2.6320-2.6350
S. Af Fn	6.2235-6.3510	3.9445-4.0240
Taiwan	40.85-40.95	25.90-25.95
U.A.E.	5.7615-5.7660	3.6720-3.6730

*Selling rate

EURO-CURRENCY INTEREST RATES

Oct.30	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	15¼-15	15¼-15	15⅜-15¼	15⅜-15¼	15¼-15⅛	14⅞-14¾
US Dollar	8⅞-8¾	8⅞-8¾	8⅞-8¾	8⅞-8¾	8⅝-8½	8⅜-8¼
Can. Dollar	12¼-11¾	12¼-11¾	12¼-11¾	12¾-11⅞	12-11¾	11¾-11¾
D. Guilder	8¼-8⅛	8¼-8⅛	8¼-8⅛	8¼-8⅛	8¼-8⅛	8¼-8⅛
Sw. Franc	7¾-7½	7¾-7½	7¾-7½	8-7¾	8-7¾	7¾-7¾
Deutschmark	8-7¾	8-7¾	8-7¾	8⅛-8	8¼-8⅛	8¼-8
Fr. Franc	10⅛-10⅛	10⅛-10⅛	10¼-10⅛	10¼-10⅛	10⅜-10⅛	10-9¾
Italian Lira	12-10	12⅝-11⅝	12⅝-12¼	12⅝-12¼	12¾-12½	12⅞-12½
B. Fr. (Fin)	9½-9⅜	9⅝-9⅜	9¾-9⅝	9¾-9⅝	9⅝-9½	9⅝-9⅝
B Fr. (Con)	9¾-9⅝	9¾-9½	10-9⅝	10-9⅝	9⅞-9½	9⅝-9¼
Yen	6⅞-6¾	6⅞-6¾	6⅞-6¾	6⅞-6¾	6⅞-6⅞	6⅞-6⅞
D.Krone	12½-11½	12¼-12	11⅞-11⅝	11⅞-11⅝	11⅞-11⅝	11⅛-10⅞
Asian $Sing	8⅞-8⅞	8⅞-8⅞	8¼-8⅝	8⅞-8⅞	8⅞-8⅞	8¼-8¼

Long term Eurodollars: two years 8½-8¼ per cent; three years 8⅝-8⅛ per cent; four years 8⅞-8⅞ per cent; five years 8¾-8½ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

POUND SPOT- FORWARD AGAINST THE POUND

Oct.30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5695 - 1.5810	1.5780 - 1.5790	0.85-0.83cpm	6.39	2.54-2.51pm	6.40
Canada	1.8465 - 1.8585	1.8550 - 1.8560	0.50-0.38cpm	2.85	1.40-1.27pm	2.88
Netherlands	3.25½ - 3.28	3.26¾ - 3.27¾	2-1⅞cpm	7.10	3⅞-5⅝pm	7.03
Belgium	60.50 - 61.10	60.80 - 60.90	34-29cpm	6.21	90-83pm	5.69
Denmark	11.22½ - 11.32½	11.28¼ - 11.29¼	3⅝-3⅛orepm	3.72	11⅝-10⅞pm	3.99
Ireland	1.0870 - 1.0955	1.0930 - 1.0940	0.35-0.30pm	3.57	1.28-1.18pm	4.50
W. Germany	2.88¼ - 2.90½	2.89¾ - 2.90¾	1⅞-1⅝pfpm	7.24	5¼-5⅛pm	7.16
Portugal	246.65 - 249.65	248.55 - 249.55	59-41cpm	2.41	6-44dis	-0.40
Spain	183.25 - 185.00	184.45 - 184.75	16-6cpm	0.72	42-28pm	0.76
Italy	2116¾ - 2131¾	2125 - 2126	5-3lirepm	2.26	14-12pm	2.45
Norway	10.81¼ - 10.90½	10.85½ - 10.86½	4¼-3¾orepm	4.35	11¼-11pm	4.14
France	9.78¾ - 9.86¾	9.83¾ - 9.84¾	4⅝-4⅛cpm	5.49	12¾-12½pm	5.16
Sweden	10.04¾ - 10.13	10.09¾ - 10.10¾	3¼-2⅞orepm	3.57	9¼-8⅞pm	3.59
Japan	223 - 225	223¾ - 224¾	1⅞-1⅝ypm	9.03	5¼-4⅞pm	8.92
Austria	20.26 - 20.45	20.40 - 20.43	12¼-11¼gropm	6.87	33⅝-31½pm	6.38
Switzerland	2.52 - 2.54¼	2.53¼ - 2.54¼	1⅞-1⅝cpm	7.68	4⅞-4⅝pm	7.49
ECU	1.4400 - 1.4420	1.4410 - 1.4420	0.56-0.53cpm	4.54	1.56-1.51pm	4.26

Commercial rates taken towards the end of London trading. Belgian rate is convertible francs. Financial franc 60.95-61.05 Six-month forward dollar 4.80-4.75cpm 12 Months 8.47-8.37cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Oct.30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5695 - 1.5810	1.5780 - 1.5790	0.85-0.83cpm	6.39	2.54-2.51pm	6.40
Ireland†	1.4430 - 1.4475	1.4450 - 1.4460	0.33-0.27cpm	2.49	1.28-1.18pm	3.40
Canada	1.1736 - 1.1760	1.1740 - 1.1750	0.32-0.38cdis	-3.58	1.02-1.06dis	-3.58
Netherlands	2.0650 - 2.0760	2.0730 - 2.0740	0.09-0.07cpm	0.46	0.18-0.14pm	0.31
Belgium	38.40 - 38.60	38.50 - 38.60	2.00-4.00cdis	-0.93	8.50-11.50dis	-1.04
Denmark	7.12¾ - 7.16	7.14¾ - 7.15¾	1.60-2.00oredis	-3.02	4.70-5.15dis	-2.76
W. Germany	1.8285 - 1.8390	1.8360 - 1.8370	0.10-0.08cpm	0.59	0.21-0.18pm	0.43
Portugal	157.50 - 157.80	157.70 - 157.80	58-68cdis	-4.80	250-280dis	-6.73
Spain	116.00 - 116.95	116.85 - 116.95	55-65cdis	-6.17	170-180dis	-6.00
Italy	1342½ - 1349¼	1346¼ - 1346¾	4.90-5.40liredis	-4.59	14.00-15.00dis	-4.30
Norway	6.86 - 6.89	6.87¾ - 6.88¼	1.15-1.50oredis	-2.31	4.30-4.70dis	-2.61
France	6.21¼ - 6.24½	6.23¼ - 6.23¾	0.80-0.85cdis	-1.59	2.40-2.50dis	-1.57
Sweden	6.38 - 6.40½	6.39½ - 6.40	1.49-1.74oredis	-3.03	4.85-5.20dis	-3.14
Japan	141.65 - 142.30	142.05 - 142.15	0.30-0.28ypm	2.45	0.81-0.78pm	2.24
Austria	12.88 - 12.93½	12.92½ - 12.93	0.50-0.10gropm	2.24	1.00-0.40pm	1.74
Switzerland	1.6010 - 1.6080	1.6065 - 1.6075	0.15-0.13cpm	1.05	0.32-0.29pm	0.76
ECU	1.1105 - 1.1175	1.1135 - 1.1145	0.21-0.20cpm	2.21	0.59-0.56pm	2.06

Commercial rates taken towards the end of London trading.† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 38.60-38.70.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Oct.30	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.0230	+1.33	+1.06	±1.5424
Danish Krone	7.85212	7.97818	+1.61	+1.34	±1.6419
German D-Mark	2.05853	2.04876	-0.47	-0.74	±1.1019
French Franc	6.90403	6.95815	+0.78	+0.51	±1.3719
Dutch Guilder	2.31943	2.31283	-0.28	+0.55	±1.5019
Irish Punt	0.768411	0.772633	+0.55	+0.28	±1.6689
Italian Lira	1483.58	1504.30	+1.40	+1.40	±4.0815
Spanish Peseta	133.804	130.387	-2.55	-2.55	-

Changes are for Ecu, therefore positive change denotes a weak currency Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Oct.30	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.579	2.900	224.3	9.84	2.538	3.273	2126	1.856	60.85
$	0.633	1	1.837	142.1	6.232	1.607	2.073	1346	1.175	38.54
DM	0.345	0.544	1	77.34	3.393	0.875	1.129	733.1	0.640	20.98
YEN	4.458	7.040	12.93	1000.	43.87	11.32	14.59	9478	8.275	271.3
F Fr.	1.016	1.605	2.947	227.9	10.	2.579	3.326	2161	1.886	61.84
S Fr.	0.394	0.622	1.143	88.38	3.877	1	1.290	837.7	0.731	23.98
H Fl.	0.306	0.482	0.886	68.53	3.006	0.775	1	649.6	0.567	18.59
Lira	0.470	0.743	1.364	105.5	4.628	1.194	1.540	1000.	0.873	28.62
C $	0.539	0.851	1.563	120.9	5.302	1.367	1.763	1145	1	32.79
B Fr.	1.643	2.595	4.766	368.6	16.17	4.171	5.379	3494	3.050	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS
£50,000 64ths of 100%

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements Mar
89	3-37	4-63	0-07	0-17
90	2-41	4-09	0-11	0-27
91	1-53	3-24	0-23	0-42
92	1-08	2-44	0-42	0-62
93	0-40	2-05	1-10	1-23
94	0-22	1-37	1-56	1-55
95	0-12	1-13	2-46	2-31

Estimated volume total, Calls 507 Puts 398
Previous day's open int. Calls 20234 Puts 15747

LIFFE US TREASURY BOND FUTURES OPTIONS
$100,000 64ths of 100%

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements Mar
95	3-55	4-28	0-07	0-49
96	2-59	3-45	0-11	1-01
97	2-02	3-01	0-18	1-21
98	1-18	2-27	0-34	1-47
99	0-47	1-57	0-63	2-13
100	0-25	1-30	1-41	2-50
101	0-14	1-08	2-30	3-28

Estimated volume total, Calls 150 Puts 72
Previous day's open int. Calls 2799 Puts 1684

LIFFE BOND FUTURES OPTIONS
DM250,000 points of 100%

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements Mar
9150	1.24	1.72	0.06	0.33
9200	0.83	1.37	0.15	0.48
9250	0.49	1.06	0.31	0.67
9300	0.25	0.82	0.57	0.93
9350	0.11	0.60	0.93	1.21
9400	0.06	0.43	1.38	1.54
9450	0.03	0.30	1.85	1.91

Estimated volume total, Calls 1124 Puts 721
Previous day's open int. Calls 26940 Puts 21058

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls-settlements Nov	Calls-settlements Dec	Puts-settlements Nov	Puts-settlements Dec
140	18.00	18.00	0.00	0.03
145	13.00	13.00	0.00	0.18
150	8.00	8.00	0.03	0.78
155	3.21	3.96	0.53	2.31
160	0.65	1.72	2.97	5.07
165	0.05	0.59	7.37	8.94
170	0.00	0.16	12.32	13.51

Estimated volume total, Calls 0 Puts 0
Previous day's open int. Calls 211 Puts 16

LIFFE EURODOLLAR OPTIONS
$1m points of 100%

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements Mar
9100	0.69	1.12	0.04	0.08
9125	0.48	0.91	0.08	0.12
9150	0.30	0.71	0.15	0.17
9175	0.16	0.54	0.26	0.25
9200	0.08	0.39	0.43	0.35
9225	0.05	0.26	0.65	0.47
9250	0.03	0.18	0.88	0.64

Estimated volume total, Calls 2 Puts 0
Previous day's open int. Calls 4002 Puts 2780

LIFFE SHORT STERLING OPTIONS
£500,000 points of 100%

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements Mar
8500	0.40	1.41	0.24	0.18
8525	0.26	1.20	0.35	0.22
8550	0.16	1.01	0.50	0.28
8575	0.11	0.83	0.70	0.35
8600	0.07	0.67	0.91	0.44
8625	0.04	0.53	1.13	0.55
8650	0.02	0.42	1.36	0.69

Estimated volume total, Calls 2882 Puts 2160
Previous day's open int. Calls 58075 Puts 34454

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
Dec	98-23	98-26	98-21	98-23
Mar	98-22	98-25	98-20	98-21
Jun	98-14	98-16	98-13	98-13
Sep	98-08	98-08	98-06	98-04
Dec	-	-	-	97-28
Mar	97-21	97-21	97-21	97-20
Jun	-	-	-	97-12
Sep	-	-	-	[illegible]
Dec	-	-	-	96-30
Mar	-	-	-	96-23

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Dec	92.80	92.82	92.78	92.82
Mar	93.19	93.21	93.19	93.23
Jun	93.21	93.22	-	93.21
Sep	-	-	93.14	93.16

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Dec	0.6240	0.6246	0.6234	0.6266
Mar	0.6245	0.6246	0.6240	0.6272
Jun	-	-	0.6250	0.6281
Sep	-	-	-	0.6301

PHILADELPHIA SE £/$ OPTIONS
£31,250 (cents per £1)

Strike Price	Calls Nov	Calls Dec	Calls Jan	Calls Mar	Puts Nov	Puts Dec	Puts Jan	Puts Mar
1.500	7.25	7.36	7.46	7.70	0.05	0.82	1.50	2.89
1.525	4.86	5.32	5.56	5.95	0.22	1.47	2.32	3.84
1.550	2.80	3.64	3.98	4.49	0.75	2.55	3.36	5.18
1.575	1.29	2.36	2.75	3.38	1.76	3.60	4.68	6.66
1.600	0.57	1.54	2.04	2.45	3.34	5.21	6.30	8.30
1.625	0.17	0.83	1.27	1.84	5.44	7.28	8.13	10.10
1.650	0.05	0.49	0.79	1.30	7.77	9.15	10.13	12.04

Previous day's open int: Calls 422,243 Puts 382,108 (All currencies)
Previous day's volume: Calls 25,839 Puts 13,027 (All currencies)

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
Dec	0.7072	0.7079	0.7065	0.7086
Mar	0.7100	0.7110	0.7100	0.7119
Jun	-	-	0.7140	0.7153

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
Dec	0.5451	0.5456	0.5448	0.5472
Mar	0.5458	0.5458	0.5458	0.5474
Jun	-	-	-	0.5476

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Dec	91.66	91.68	91.65	91.68
Mar	92.04	92.04	92.02	92.04
Jun	92.01	92.01	91.99	92.00
Sep	91.88	91.89	91.87	91.88
Dec	91.67	91.67	91.66	91.66
Mar	91.71	91.71	91.69	91.69
Jun	91.65	91.65	91.63	91.63
Sep	91.60	91.60	91.57	91.58

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Dec	338.40	338.65	338.30	337.20
Mar	342.40	342.60	342.40	341.20
Jun	-	346.00	-	345.70

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
Dec	92-15	92-19	92-07	92-07
Mar	93-23			93-15
Jun				

Estimated volume 7434 (29631)
Previous day's open int. 30699 (31925)

7-10 YEAR 9% NOTIONAL GILT
£100,000 32nds of 100%

	Close	High	Low	Prev.
Dec				
Mar				
Jun				

Estimated volume 0 (0)
Previous day's open int. 0 (0)

US TREASURY BONDS 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
Dec	98-24	98-27	98-22	98-29
Mar	98-22			99-00

Estimated volume 1455 (2575)
Previous day's open int. 6396 (6308)

6% NOTIONAL GERMAN GOVT. BOND
DM250,000 100ths of 100%

	Close	High	Low	Prev.
Dec	92.68	93.13	92.67	93.18
Mar	92.89	93.32	92.88	93.38
Jun	92.94			93.48

Estimated volume 25278 (21230)
Previous day's open int. 58514 (58043)

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND
Y100m 100ths of 100%

	Close	High	Low	Prev.
Dec	104.10	104.15	104.09	104.11
Mar	104.12	104.15	104.05	104.13

Estimated volume 270 (159)
Previous day's open int. 898 (952)

THREE MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
Dec	85.16	85.18	84.95	85.03
Mar	86.22	86.26	86.06	86.10
Jun	87.05	87.11	87.00	86.95
Sep	87.52	87.59	87.45	87.40
Dec	87.89	87.93	87.83	87.80
Mar	88.05	88.10	87.95	87.99
Jun	88.10	88.10	88.05	88.00
Sep	88.12	88.15	88.10	88.10

Est. Vol. (inc. figs. not shown) 39586 (30545?)
Previous day's open int. 127509 (126773)

THREE MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev.
Dec	91.65	91.70	91.65	91.71
Mar	92.02	92.06	92.02	92.07
Jun	92.00	92.03	92.00	92.02
Sep	91.87	91.88	91.88	91.90
Dec	91.69	91.69	91.69	91.73
Mar	91.71			91.75
Jun	91.66			91.70
Sep				91.66

Est. Vol. (inc. figs. not shown) 3057 (4596)
Previous day's open int. 39927 (40426)

THREE MONTH EUROMARK
DM 1m points of 100%

	Close	High	Low	Prev.
Dec	91.85	91.97	91.84	91.95
Mar	92.12	92.20	92.11	92.22
Jun	92.31	92.37	92.28	92.39
Sep	92.42	92.42	92.42	92.49

Estimated volume 5615 (4736)
Previous day's open int. 24102 (23094)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
Dec	2120.0	2125.0	2095.0	2083.0
Mar	2161.5	2159.0	2138.0	2126.0
Jun				2167.0

Estimated volume 4727 (7770)
Previous day's open int. 31266 (30199)

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5785	1.5701	1.5280	1.5308	1.4943

IMM-STERLING $ per £

	Latest	High	Low	Prev.
Dec	1.5606	1.5620	1.5592	1.5614
Mar	1.5370	1.5380	1.5362	1.5380
Jun	-	-	-	1.5140

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS : 48,150
A=Ask B=Bid C=Call P=Put

MONEY MARKETS

London rates ease

SHORT TERM interest rates declined on the London money market yesterday as sterling moved up against the D-Mark. Three-month interbank opened unchanged at 15⅜-15¼ per cent in nervous trading waiting for the reaction of the foreign exchanges to events at the weekend, following last week's resignation of the UK Chancellor of the Exchequer.

UK clearing bank base lending rate 15 per cent from October 5

Rates eased as the pound improved, with sterling's move above DM2.90 accelerating the process in the afternoon. Three-month money closed at 15⅛-15 per cent, with short sterling showing a similar pattern on Liffe. The December contract opened almost on the day's low at 84.96 but moved up to a peak of 85.18, before closing at 85.16, compared with 84.96 on Friday.

The Bank of England revised its estimate of the money market credit shortage sharply upwards in late London trading. The authorities initially forecast a shortage of £200m, and reduced this to £150m in the afternoon, before announcing a final revision to £450m. The Bank did not operate in the bill market during the day, continuing to keep the market tight but providing late assistance of around £545m.

Bills maturing in official hands and repayment of late assistance drained £419m, with Exchequer transactions absorbing £270m and bank balances above target £15m. These outweighed a fall in the note circulation adding £495m to liquidity.

In New York the Federal Reserve refrained from operations in the banking system but it is likely to add liquidity today as money is drained through settlement of bill auctions. Dealers estimate that this will result in a net $17.6bn flowing out of the system.

In Frankfurt credit conditions were comfortable. Call money fell to 7.675 from 7.80 per cent, as commercial banks had no problems in meeting average reserve requirements for the month. An inflow of liquidity from pension funds helped some banks meet their reserve needs earlier than usual, pushing surplus money out into the market yesterday. Liquidity was also boosted by payment of public sector salaries. For the first 26 days of the month reserves held at the Bundesbank averaged DM56.6bn, against a requirement for the whole month of DM55.9bn.

In Paris the Bank of France left its money market intervention rate at 9½ per cent when adding liquidity at a securities repurchase tender. The five to 10-day repurchase rate remained at 10¼ per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. Oct.30) 3 months US dollars		6 months US Dollars	
bid 8¾	offer 8⅞	bid 8⅜	offer 8½

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

		Treasury Bills and Bonds			
Prime rate	10½	One month	7.51	Two year	7.94
Broker loan rate	10	Two month	7.75	Three year	7.93
Fed.funds	8⅝	Three month	7.84	Four year	7.89
Fed.funds at intervention	-	Six month	7.89	Five year	7.89
		One year	7.80	Seven year	7.96
				10-year	7.94
				30-year	7.96

Oct.30	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	7.60-7.75	7.90-8.00	7.85-8.00	7.95-8.15	7.90-8.10	8.00
Paris	10¼-10⅜	10⅛-10¼	10⅛-10¼	10¼-10⅜	10¼-10⅜	9.50
Zurich	8-8¼	8¼-8⅜	-	8¼-8⅜	-	-
Amsterdam	8⅝-8¾	8⅛-8¼	-	8⅛-8¼	-	-
Tokyo	6.50	6.56	-	6.81	-	-
Milan	12¼	12¾-13	-	12⅞-13⅛	-	-
Brussels	9½	9⅝	-	9⅝	-	-
Dublin	8¾-9¼	11-11¼	11⅛-11¼	11⅛-11¼	12-12¼	-

LONDON MONEY RATES

Oct 30	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	15½	15¼	15⅜	15⅛	15	15
Interbank Bid	8	15	15¼	15	14⅞	14¾
Sterling CDs	-	-	15¼	15	14⅞	14¾
Local Authority Deps.	15	15⅛	15⅛	15	14⅞	14¾
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	14¾	15	15	-	-	-
Company Deposits	-	-	15¼	15	14⅞	-
Finance House Deposits	-	-	15⅛	15	14⅞	14¾
Treasury Bills (Buy)	-	-	14⅞	14⅝	-	-
Bank Bills (Buy)	-	-	14⅞	14⅞	-	-
Fine Trade Bills (Buy)	-	-	15⅛	15⅛	-	-
Dollar CDs	-	-	8.67	8.60	8.40	8.35
SDR Linked Dep. Offer	-	-	8¼	8¼	8¼	8¼
SDR Linked Dep. Bid	-	-	8⅛	8⅛	8⅛	8⅛
ECU Linked Dep. Offer	-	-	10⅛	10⅛	10⅛	10⅛
ECU Linked Dep. Bid	-	-	10	10	10	10

Treasury Bills (sell); one-month 14⅝ per cent; three months 14⅝ per cent; Bank Bills (sell); one-month 14⅞ per cent; three months 14⅞ per cent; Treasury Bills; Average tender rate of discount 14.7??? p.c. ECGD Fixed Rate Sterling Export Finance. Make up day October 31, 1989. Agreed rates for period November 26,1989 to December 25, 1989, Scheme I: 15.66 p.c. Schemes II & III: 15.22 p.c. Reference rate for period Sept 30,1989 to October 31, 1989, Scheme IV&V: 15.084 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 14 from October 1, 1989: Bank Deposit Rates for sums at seven days' notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 14¾ per cent; one-three months 12 per cent; three-six months 12 per cent; six-nine months 12 per cent; nine-twelve months 12 per cent; Under £100,000 10¾ per cent from May 25,1989. Deposits withdrawn for cash 9 per cent.

BASE LENDING RATES

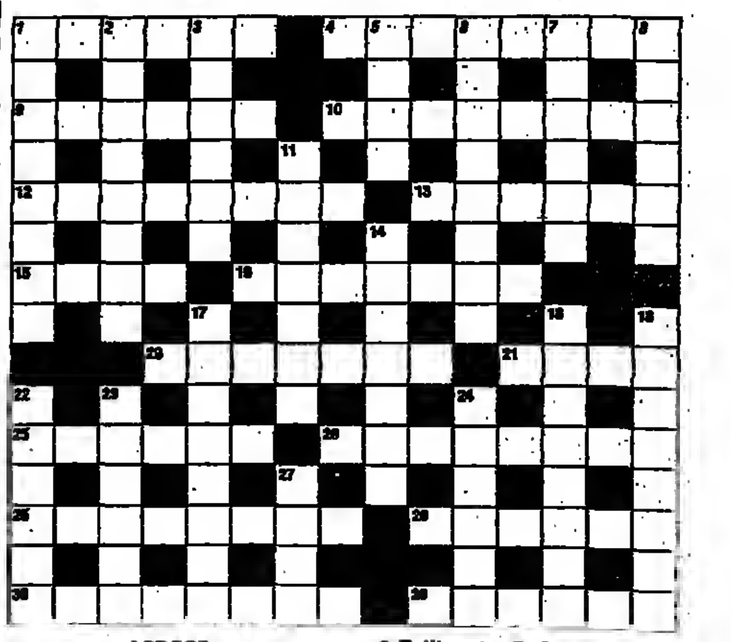
	%
ABN Bank	15
Adam & Company	15
Allied Arab Bank	15
Allied Irish Bank	15
● Henry Ansbacher	15
Associates Cap Corp	15
Authority Bank	15
● B & C Merchant Bank	15
Bank of Baroda	15
Banco Bilbao Vizcaya	15
Bank Hapoalim	15
Bank Leumi (UK)	15
Bank of Cyprus	15
Bank of Ireland	15
Bank of India	15
Bank of Scotland	15
Banque Belge Ltd	15
Barclays Bank	15
Benchmark Bank PLC	15
Brit. Bk of Mid East	15
● Brown Shipley	15
Business Mtge Bank PLC	15½
CL Bank Nederland	15
Citibank NA	15
City Merchants Bank	15
Clydesdale Bank	15
Comm.Bk.N.East	15
Co-operative Bank	15
Coutts & Co	15
Cyprus Popular Bk	15
Dunbar Bank PLC	15
Duncan Lawrie	15
Equatorial Bank plc	15
Exeter Trust Ltd	15½
Financial & Gen. Bank	15
First National Bank Plc	15½
● Robert Fleming & Co	15
Robert Fraser & Partners	15½
Girobank	15
● Guinness Mahon	15
HFC Bank plc	15½
● Hambros Bank	15
Hampshire Trust Plc	15
Heritable & Gen Inv Bank	15
● Hill Samuel	15
C. Hoare & Co	15
Hongkong & Shanghai	15
● Leopold Joseph & Sons	15
Lloyds Bank	15
Meghraj Bank Ltd	15
McDonnell Douglas Bank	15
Midland Bank	15
Mount Banking	15
Nat Bk of Kuwait	15
NatWestminster	15
Northern Bank Ltd	15
Norwich Gen. Trust	15
PRIVATbanken Limited	15
Provincial Bank PLC	15
R. Raphael & Sons	15
Roxburghe Guarantee	15½
Royal Bk of Scotland	15
Royal Trust Bank	15
● Smith & Williamson Secs.	15
Standard Chartered	15
TSB	15
United Bk of Kuwait	15
United Mizrahi Bank	15
Unity Trust Bank Plc	15
Western Trust	15
Westpac Bank Corp	15
Whiteaway Laidlaw	15½
Yorkshire Bank	15

● Members of British Merchant Banking & Securities Houses Association. * Deposit rate 5.9%. Surcharge 8.5%. Top Tier-£10,000+ instant access 12.8% & Mortgage base rate. § Demand deposit 9%. Mortgage 14.25% - 15%

JOTTER PAD

CROSSWORD

No.7,077 Set by GRIFFIN



ACROSS

1 Running off with first love during engagement (6)
4 Grasp brass container with tea inside (8)
9 A new user's guarantee (6)
10 Rejected old lp put in by dull ambassador? (8)
12 Ample US cop is a drunk! (6)
13 Return to trail, bearing north for pleasant spot (8)
15 Timid people may start to freeze (4)
18 Point to singer in my official residence (7)
20 Import men accepting first American gin orders (7)
21 Tramp round after something hot (4)
25 Despicable person put fur behind back door (6)
26 Cartridge for collection during class (8)
28 Insurance policy list found in books (8)
29 Change, always returned, is included (6)
30 Found following blushing singer (8)
31 If not American Len's free to enter (6)

DOWN

1 Fellow members are not all frightening (8)
2 This month a nice one's missing, for example (6)
3 Solitary boy climbs after girl (6)
5 One union leader gets up in time (4)
6 Failing to find wood takes everything back (8)
7 Drama written about a fleet (8)
8 Compass got from marquee (6)
11 Increase FBI agents in the month Gus leaves (7)
14 Deny making profit with authority (7)
16 Loveless doctor at home with oriental dogma (8)
17 Always raises hire charge if respectful (8)
19 Sick Pole, captured by Nazi war criminal, is incurable (8)
22 Shopkeeper said "twelve dozen" with hesitation (6)
23 Some fruit needs to be drunk (6)
24 Behind seat developed by sailors (6)
27 Blackleg upset celebrity (4)

Solution to Puzzle No.7,076

هكذا الأصل

WORLD STOCK MARKETS

AUSTRIA

October 30	Sch	+ or –
Austrian Airlines	2,700	-9
Creditanstalt	3,700	-5
Goesser	5,730	-20
Interunfall	27,000	-500
Jungbunzlauer	16,150	-850
Laenderbank	615	-12
Perlmooser	1,500	-70
Reininghaus	2,270	-110
Semperit	180	-5
Steyr-Daimler	112	-12
Veitscher Mag	952	-7
Verbund	295	-14

BELGIUM/LUXEMBOURG

October 30	Frs.	+ or –
Arbed	5,150	-50
B.B.L.	3,560	—
Bank Intl. a Lux	15,550	—
Banque Gen. De. Lux	14,650	—
Banque Nat. Belg	35,000	-800
Bekaert B	13,550	-250
Ciment CBR	7,150	-200
Cobepa	5,800	-110
Do. AFV 1	5,720	-80
Cockerill	210	+5
Colruyt	17,000	-375
Delhaize	5,700	-70
EBES	4,560	—
Do. AFV 1	4,520	-30
Fabrique Nat	558	-4
GIB Group	1,332	+14
Do. AFV	1,302	-10
GBL(Brux)L	4,450	+25
Do. AFV 1	4,385	-50
Do. AFV 2	4,385	-50
Gechem	876	-42
Do. AFV	920	-20
Generale Bank	5,980	-60
Do. AFV 1	6,000	-50
Do. AFV 2	6,400	-10
Gevaert	7,800	-200
Hoboken	22,000	+1,000
Do. AFV	20,000	—
Intercom	3,715	+25
Do. AFV 1	3,690	+10
Do. AFV 2	3,690	+10
Kredietbank	4,400	—
Do. AFV	4,355	-60
Pan Holdings	14,100	—

FRANCE (continued)

October 30	Frs.	+ or –
Arjomari-Prioux	2,890	+50
Auxiliaire d'Ent	949	+29
BIC	700	-18
BSN	689	+32
Bancaire Cie	599	+29
BRP (Cert. Inv.)	370	+21
Beghin-Say	700	+32
Do. Certs	487	+2
Bongrain	2,995	+35
Bouygues	661	+1
CGIP	1,533	—
CMB Packaging	202	—
Carrefour	3,299	+99
Casino	201	+6
Cetelem	608	+8
Chargeurs	1,040	+53
Ciments Fr.	1,552	-98
Club Mediterranee	575	+10
Cofimeg	400	+2
Cogifi	374	—
CGE	445.5	+8.5
Coparex	350	+0
Cred Foncier Fr	1,206	+21
Credit National	1,060	-4
Damart	3,865	+65
Docks de France	4,370	+80
Dollfus-Mieg	501	-5
Domez S.A.	879	+17
Eaux (Cie Gen)	2,015	+25
Ecco	468	+14
Electrolux're	1,148	-2
Elf-Aquitaine	493	+12
Do. Certs	400	—
Epeda-Bertrand	1,397	+37
Essilor	2,830	+20
Eternit (Fin.)	2,200	-100
Eurafrance	2,215	-35
Eurocom	1,715	-35
Euromarche	3,640	-40
Exor	1,798	+46
Fimedal	206	-4
Fonciere Lyon	863	+5
Fromageries	2,315	-53
GTM-Entrepose	1,125	-5
Gaumont (Soc N)	650	—
Gen Geophysique	735	-17
Gen. Occidentale	773	+17
Hachette	376	-2
Havas	1,178	+17
Imetal	292	+1
Immeubles de Fr	1,363	-42

INDICES

NEW YORK

DOW JONES	Oct 30	Oct 27	Oct 26	Oct 25	1989 HIGH	1989 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2603.48	2596.72	2613.73	2653.28	2791.41 (9/10)	2144.64 (3/1)	2791.41 (9/10/89)	41.22 (2/7/32)
Home Bonds	93.11	93.15	93.13	93.09	94.15 (2/8)	87.35 (23/3)	—	—
Transport	1191.86	1190.43	1205.19	1199.32	1532.01 (5/9)	959.95 (3/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	216.74	215.86	215.67	216.49	221.64 (8/8)	181.84 (24/2)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2627.05 (2621.11) Low 2588.11 (2573.57)

STANDARD AND POOR'S	Oct 30	Oct 27	Oct 26	Oct 25	1989 HIGH	1989 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	335.07	336.06	337.93	342.50	359.80 (9/10)	275.31 (3/1)	359.80 (9/10/89)	4.40 (1/6/32)
Industrials(latest)	382.10	379.89	385.19	390.92	410.49 (9/10)	318.66 (3/1)	410.49 (9/10/89)	3.62 (21/6/32)
Financial	32.07	32.17	32.80	33.12	35.24 (9/10)	24.30 (3/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	185.59	185.60	187.22	189.52	199.34 (9/10)	154.98 (3/1)	199.34 (9/10/89)	4.46 (25/4/42)
Amex Mkt. Value	368.87	370.01	373.48	375.92	397.03 (10/10)	305.24 (3/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	451.37	452.76	458.15	462.89	485.73 (9/10)	378.56 (3/1)	485.73 (9/10/89)	54.87 (31/10/72)

	Oct 27	Oct 20	Oct 13	year ago (approx.)
Dow Industrial Div. Yield	3.97	3.83	4.01	3.60

	Oct 25	Oct 18	Oct 11	year ago (approx.)
S & P Industrial div. yield	2.95	2.95	2.82	3.19
S & P Indl. P/E ratio	14.31	14.28	14.91	13.03

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Southern Co	5,252,300	27¼	- ¼
Fannie Mae	2,267,500	38⅛	+ ⅞
Chevron	2,110,800	67¼	+ ¾
Philip Morris	1,720,100	42⅛	+ ¾
Comp Assoc	1,310,100	12	—
Unisys Corp	1,288,100	15¼	- 1
IBM	1,190,400	99½	- ⅛
Chase Manhattan	1,136,900	36	- ½
Am T&T	1,073,300	43¾	+ ¾
Paramount	917,200	54¾	- 1

TRADING ACTIVITY

† Volume (Millions)	Oct 30	Oct 27	Oct 26
New York	127.073	171.926	175.240
Amex	9.998	13.429	12.189
NASDAQ	(u)	132.787	128.734
Issues Traded	1,924	1,929	1,944
Rises	665	410	391
Falls	772	1,102	1,136
Unchanged	487	417	417
New Highs	9	20	28
New Lows	72	102	89

CANADA

TORONTO	Oct 30	Oct 27	Oct 26	Oct 25	1989 HIGH	1989 LOW
Metals & Minerals	3408.0	3390.2	3421.83	3446.28	3919.2 (1/9)	3207.5 (3/1)
Composite	3887.20	3884.3	3886.36	3906.68	4037.8 (6/10)	3350.5 (6/1)
MONTREAL Portfolio	1983.54	1978.81	1988.61	2003.81	2069.68(10/10)	1677.48 (3/1)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Oct. 30	Oct. 27	Oct. 26	Oct. 25	1989 HIGH	1989 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1637.0	1621.1	1648.4	1633.5	1781.8 (29/8)	1412.9 (7/4)
All Mining (1/1/80)	789.1	770.3	781.7	780.4	875.1 (29/8)	652.6 (7/4)
AUSTRIA						
Credit Aktien (30/12/84)	430.77	446.20	(c)	464.44	515.09 (11/10)	219.5 (2/1)
BELGIUM						
Brussels SE (1/1/80)	6205.97	6295.42	6411.93	6460.42	6805.28 (26/9)	5519.30 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	339.77	338.93	339.26	338.55	356.65 (12/7)	275.49 (27/2)
FINLAND						
Unitas General (1975)	666.5	664.2	661.9	660.8	815.8 (18/4)	660.8 (25/10)
FRANCE						
CAC General (31/12/82)	502.8	513.5	517.1	521.6	561.6 (11/10)	417.9 (4/1)
Ind. Tendance(30/12/88)	115.5	114.8	118.6	117.8	128.1 (10/10)	97.5 (27/2)
GERMANY						
FAZ Aktien (31/12/58)	615.09	619.15	630.02	624.76	690.91 (10/10)	535.78 (27/2)
Commerzbank (1/12/53)	1824.3	1838.2	1870.8	1856.3	2056.8 (10/10)	1595.7 (27/2)
DAX (30/12/87)	1466.29	1462.93	1482.62	1481.08	1657.61 (8/9)	1271.70 (23/2)
HONG KONG						
Hang Seng Bank (31/7/64)	2680.30	2667.99	2691.18	2706.60	3309.64 (15/5)	2093.61 (5/6)
IRELAND						
ISEQ Overall (4/1/88)	(c)	1681.18	1713.16	1723.38	1848.95 (10/8)	1360.64 (10/1)
ITALY						
Banca Com. Ital. (1972)	639.97	643.68	644.07	645.61	734.84 (31/8)	577.49 (28/2)
JAPAN						
Nikkei (16/5/49)	35417.44	35527.29	35678.49	35442.40	35689.98 (28/9)	30183.79 (5/1)
Tokyo SE (Topix) (4/1/68)	2676.60	2681.76	2697.58	2672.57	2703.58 (2/10)	2366.91 (6/1)
2nd Section (4/1/68)	3636.06	3657.50	3694.37	3713.75	3804.11 (9/10)	2774.38 (27/3)
NETHERLANDS						
CBS Trl.Rtn.Gen.(End 1983)	250.4	247.5	292.0	253.3	272.7 (21/9)	208.3 (3/1)
CBS All Shr (End 1983)	192.5	190.3	193.8	194.7	210.5 (8/9)	166.7 (1/3)
NORWAY						
Oslo SE (2/1/83)	610.51	618.48	628.12	626.32	695.50 (28/9)	467.17 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	1277.25	1264.03	1278.99	1275.18	1288.62 (13/10)	804.62 (6/2)
SINGAPORE						
Straits Times Ind. (30/12/66)	1302.70	1319.27	1330.42	1333.25	1431.85 (12/10)	1030.69 (4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1763.0§	1661.0	1575.0	1544.0	1763.0 (30/10)	1291.0 (15/2)
JSE Industrial (28/9/78)	2559.0§	2557.0	2544.0	2542.0	2838.0 (25/8)	1961.0 (3/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	896.11	893.59	899.12	898.36	1007.80 (3/4)	846.30 (1/7)
SPAIN						
Madrid SE (30/12/85)	304.89	304.81	308.43	309.31	328.93 (13/9)	268.61 (1/3)
SWEDEN						
Jacobson & P. (31/12/56)	4378.60	4224.30	4240.10	4239.62	4660.3 (16/8)	3333.9 (3/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	750.8	751.9	763.5	757.8	829.1 (6/9)	613.1 (3/1)
TAIWAN**						
Weighted Price (30/6/66)	10602.07	10376.49	10435.95	(c)	10773.11 (25/9)	4873.01 (5/1)
THAILAND						
Bangkok SET (30/4/75)	685.54	684.96	686.29	686.97	724.93 (13/9)	386.73 (2/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	525.7	531.2	532.4	551.2 (3/8)	487.6 (13/6)

**Saturday Oct.28: Taiwan Weighted Price: 10437.78. Korea Comp Ex. 894.40.
§ Subject to official recalculation.
Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX—1,000, JSE Gold—255.7, JSE Industrials—264.3 and Australia All Ordinary and Mining—500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Monday October 30 1989

	Stocks Traded	Closing Prices	Change on day
Tokyu	64.8m	2,890	+150
Tokyu Land	31.4m	1,780	+220
Nippon Express	24.5m	1,780	+10
Tokyu Dept St	23.6m	2,410	+260
Sumitomo Metal	17.9m	1,760	+130
Wakachiku	12.9m	2,560	+70
Nippon Oil	12.5m	1,650	+50
Mitsui Mining	11.4m	925	+25
Tokyu Constr	10.1m	1,618	+170
Meidensha	10.1m	1,530	+120

4pm prices October 30

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A–A–A –								
37⅛	21⅝	AAR	.48	1.3	23	215	37¼	36⅛	36½	−½
9⅝	6⅞	ACM n	1.01	11.		398	9½	9¼	9⅜	
11⅜	10¼	ACMIn	1.26a	11.		375	11½	11⅜	11⅜	
19⅞	0	ACM M	n1.91	12.		569	6⅝	6½	6⅝	+⅛
11½	10	ACM Sc	1.20	11.		656	11¼	11⅛	11⅛	−⅛
9⅝	8⅞	ACMSp	1.01	11.		x386	9⅛	9	9	+⅛
10	11½	AL Lab	.12	.0	17	17	15¼	10⅞	15¼	
4⅞	6¾	AMCA	.12e	3.3	24	32	3¾	3½	5⅝	
6⅞	4½	AM Intl			10	1184	6	4⅞	4⅞	−¼
23½	20⅝	AM In pf	2	9.6		32	21⅞	30⅞	30⅞	−⅛
107¼	48½	AMR			0	5084	70⅞	68⅞	69¼	−1½
6⅞	3⅜	ARX				48	4	3⅞	4	
49⅝	37¼	ASA	3a	6.1		1967	49¾	40½	49⅛	−½
36¼	15⅛	AVX	.24	.9	27	606	27⅞	27⅞	27⅞	
68½	44⅛	AbtLab	1.40	2.2	18	1875	69¼	64½	64⅞	+¼
19¼	12⅞	Abitibi g	1			9	12⅞	12⅞	12⅞	
12	7½	AcmeC	.40	4.0		z210	16⅛	16	10	−⅛
9⅞	5⅞	AcmeE	.32	8.8	10	6	6⅝	8½	9½	−¼
85½	20⅛	Acuan			20	331	36⅞	20⅞	35⅛	−⅛
17	14¼	AdaEx	1.82e	11.		89	10⅛	10	10⅛	−⅛
12⅝	9½	Adobe				175	10⅞	10⅜	10⅞	
16⅞	19⅞	Adob pf	1.84	16.		6	18	10	10	
16½	7⅛	AMD				174	7⅞	7⅜	7⅜	−⅛
35	28⅞	AMD pf	3	16.		94	29⅛	29½	29⅞	
16¼	9⅝	Advest	.12	1.5	11	48	9⅝	6	6	
29½	48	AetnL1	2.10	4.8	9	1148	60¼	59⅞	59⅞	−⅛
14	12⅜	AflPb	.22	1.7		1304	12⅞	12⅞	12⅞	+⅛
25	15½	Ahmans	.88	4.6	10	2135	19⅜	18⅞	18⅞	+⅛
4⅞	2⅛	Aileen				37	2⅞	2⅞	2⅞	
48⅞	37⅞	AirPrd	1.32	3.6	11	1325	44	43⅛	44	
39⅞	17⅞	AirbFrt	.68	1.9	28	229	36⅛	37⅞	36⅛	+⅛
28⅞	14½	Airgas			11	29	10½	19⅞	19⅛	−⅛
20⅞	16⅛	Airlease	2.40	12.	9	23	19⅞	19½	19⅞	+⅛
16	6½	AlaP dpf	.87	8.8		4	9⅞	9⅞	9⅞	+⅛
98½	88¼	AlaP pf	9	9.3		z136	98½	98⅛	98½	−⅛
135½	93	AlaP pf	9.44	9.5		z500	99	98	99	
29	35⅞	AlaP pf	6.28	9.3		z120	35	89	29	+1
38⅛	19	AlskAir	.08	.8	6	195	23½	23¼	23¼	−⅛
35½	14⅞	Albnyln	.30	1.5	12	53	19⅞	19½	19⅞	
53⅞	32¼	Alberto	.36	.8	19	x88	44	43½	43½	+⅛
41½	24⅜	AlbCulA	.88	1.6	10	x214	37	35⅞	35⅞	+⅛
60¼	28⅜	Albtsn	.85	1.4	21	880	59¼	57⅞	57⅞	−¼
25⅛	19¼	Alcan n	1.12	5.1	5	3055	22	21⅞	21⅞	+⅛
36⅞	23	AlcoStd	.76	2.1	14	170	36⅞	35½	35⅞	+⅛
33¼	22⅜	AlexAlx	1	3.1	17	661	31⅞	31⅝	31⅛	−¼
71⅞	57	Alexdr			36	2	56⅛	d56¼	56⅛	−⅛
165½	59½	AllegCp	1.53t	1.6	11	7	93	93	93	+¼
2⅞	⅜	vjAlgInt				162	7-16	13-32	13-32	
4⅞	¼	vjAlgI pr				16	5-16	5-16	5-16	
41⅞	28⅛	AlgLud	1a	2.7	7	40	38⅞	37½	37⅞	+⅛
40⅞	30⅞	AllgPw	3.08	7.9	16	282	39⅞	38⅞	38⅞	+⅛
10⅞	10⅜	AllenG			15	91	10⅞	10⅜	10¼	
25⅞	16	Algn n	.05e	.3		2086	18⅛	10⅛	10⅛	+⅛
15	10	AlnCap	1.48	16.	19	x121	14⅛	14¼	14½	+⅛
24⅞	23⅛	Allsh	pf.50e	2.3		11	23⅞	38⅛	23⅛	−⅛
27⅞	10⅞	AlldPd			13	78	10⅛	d 9⅞	9⅞	−¼
48⅞	61⅞	AldSgnl	1.88	6.1	16	1969	59½	28	38⅞	+⅛
16⅞	10	AlstMu	.78a	1.4		38	10½	10⅜	16½	+⅛
10¼	9¼	AlsMll	.73	7.4		154	10	9⅞	9⅞	
11⅞	9⅞	AMIO	.84	7.9		122	10⅝	16½	10⅝	+⅛
10½	9⅞	AMIO2	n.13e	1.3		66	9⅞	9⅛	9⅞	+⅛
10	9	AlsMP	n.35	7.4		373	9⅛	9⅛	9⅛	
41⅞	22	ALTEL	n1.28	3.5	16	940	37	36⅞	36⅞	−⅛
79⅝	50⅝	Alcoa	1.60a	2.3	6	x8868	36¼	69¼	69¼	+1
17½	10⅞	AmaxG	.35	.5	29	403	15⅛	12	15⅛	+⅛
22⅞	20⅛	Amax	.80	3.7	3	4496	21⅞	21⅛	21⅛	+⅛
16⅞	10½	AmBes	.06	1.4	5	423	14⅛	14⅞	14⅞	
13⅝	11⅛	Amcast	.48	4.8	11	138	12⅞	12	10	−⅛
10⅞	5⅝	Amdura			1	741	6⅞	d 5½	5½	−⅛
27¼	16	Amdn	pf1.85	16.		78	11½	16⅞	11	
44½	21⅛	AmHes	.60	1.5	7	1080	41¼	40⅞	42⅞	+¼
27⅞	15⅞	ABarck	.16		47	1563	u28	27¼	27⅛	−⅛
61⅞	51⅛	AmBrnd	2.44	8.8	11	1643	69⅝	68⅜	68	−⅛
38⅞	25	ABldM	.92	2.8	15	12	33½	33⅛	29⅛	−⅛
27	16½	ABusP	n.08	3.9	11	1	20⅞	20⅞	20⅞	−⅛

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Continued on Page 49

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
29½	21	Rykoff s	.60	2.8	13	710	21⅜	d20⅞	21⅛	– ⅝
25⅞	18½	Ryland	.20	2.9	7	217	20⅝	20⅜	20½	– ⅛
14¼	6⅞	Rymer				8	10⅞	10⅞	10⅞	– ⅛
19⅛	7¾	Rymr pf1.17		12.		19	9⅝	9⅛	9⅝	+ ⅛
		– S–S–S –								
37⅞	31	SCEcp	2.56	7.1	19	2867	36⅛	35⅞	36⅛	+ ⅜
13	8⅞	SCOR U	.20e	1.7	9	33	11⅝	11⅝	11⅝	
9½	7⅜	SL Ind	.17b	1.8	16	4	9½	9⅜	9½	+ ⅜
60⅛	41½	SPSTec	1.20	2.4	10	23	49⅝	49⅛	49⅝	+ ⅛
36⅛	24⅝	SPX Cp	1	3.1	8	1050	32	31⅛	32	+ ⅝
22½	13¼	Saatchi	.90e	6.3	6	334	14⅜	14⅜	14⅜	
14⅝	11⅝	SabnR	1.35e	9.9	10	6	13⅝	13⅝	13⅝	
19	13½	SfgdSc			11	135	14	13⅞	13⅞	– ⅛
38¼	23⅛	SafKln	.36	1.9	26	428	30¼	24⅛	35¼	+ ½
9¼	8⅛	SalCas	1.12	13.	71	65	8⅛	8½	8½	– ⅛
23	18⅛	StJoLP	1.52	6.9	9	x17	22¼	22	22	+ ⅛
28⅞	18	Salant			51	53	18⅝	18	18⅝	+ ⅛
53½	32	SalicM s	.40	.8	18	2400	47⅝	46⅞	47⅛	+ ½
29⅜	22¼	Salomn	.64	2.7	9	2127	24⅛	23⅝	23⅝	– ⅛
42⅞	34⅛	SDieGs	2.70	6.7	13	177	40⅛	40⅛	40⅛	
6⅞	6⅛	SJuanB	.17j		47	163	8¼	8	8	– ⅛
16⅛	11⅛	SJuanR	2.25c		18	37	16⅛	16	16⅛	+ ⅛
35	28½	SAntRt	2.08	7.0	19	56	29⅞	29½	29⅝	+ ⅛
14⅝	6⅛	SFeEP	2.65	37.		55	7⅛	7⅛	7⅛	
24⅝	20	SFePP	n2.48	10.		195	22⅛	23⅝	23⅛	– ⅛
25¼	15¼	SFePCp	.10e	.8	16	2517	19⅝	19	19⅛	+ ⅛
63	42	SaraLee	1.44	2.5	16	1516	59	58½	58¼	– ⅛
26¼	22⅞	SavE pfA2.37		8.9		375	u26½	25½	26½	+1
½	⅛	Savin				3688	13-32	11-32	⅜	
9¾	5½	Savn pfB.80i		11.		43	7⅛	7⅛	7⅛	– ⅛
35½	28⅛	SCANA	2.40	7.5	11	162	33⅛	26	20	– ⅛
11⅜	7	Schfr	.58e	8.4		12	10⅜	10⅛	10⅜	
78⅝	62½	SchrPlo	1.80	2.4	13	x1125	74⅛	73⅛	73½	– ⅛
[illegible]										

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
8⅞	4½	Wyse				1655	7⅛	6⅝	7½	+ ⅛
		– X–Y–Z –								
68	51⅞	Xerox	3	5.2	15	2058	57⅞	57⅛	57⅛	+ ⅛
44¼	24⅝	XTRA	.72	3.0	7	122	24⅞	d24	24⅛	– ⅛
35	22½	XTRA pf1.94		8.3		3	23½	23⅛	23⅛	+ ⅛
4¼	2	Zapata				320	2⅛	2⅛	2⅛	– ⅛
21¼	11½	ZenithE				1022	12⅜	12	12⅛	+ ⅛
2½	⅜	vjZenLb				2636	15-32	⅜	⅜	– ⅛
27½	15	Zeniltl	.84	4.6	8	45	18⅜	18⅛	18⅛	– ⅛
19⅝	7⅛	Zenle	1.25	18.		338	7⅛	d 6⅞	7	– ⅛
16½	12¼	Zero s	.40	2.6	14	228	16½	15⅛	16⅛	– ⅛
44⅛	25⅜	Zurnln	.76	2.1	17	1066	37	36	36⅛	+ ⅛
12⅝	10	Zweig	1.13e	9.6		374	11⅝	11½	11⅝	+ ⅛
10⅛	8¾	ZweigTl	.96	9.8		1268	9⅞	9⅝	9⅞	

Sales figures are unofficial.Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months.g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months,plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4pm prices October 30

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							
Prism		11	28	2⅞	2⅞	2⅞	– ⅛
ProMed	.42	12	15	4⅛	4⅛	4⅛	
ProlCre		18	18	6	4⅞	6	+ ⅛
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NASDAQ NATIONAL MARKET

3pm prices October 30

Stock	Div.	Sales 100s	High	Low	Last	Chng
[illegible]						

FINANCIAL TIMES

Tuesday October 31 1989

AMERICA

Programme trading fears keep Dow on the defensive

Wall Street

THE SHOCK of last week's sharp decline, coupled with mounting public concern about volatility related to programme trading, kept the eqnity market on the defensive yeeterday, *writes Janet Bush in New York.*

There were modest price gains in the morning as some investors snapped up bargains but volume was low and the mood highly cautious.

The market ended off its highe, with the Dow Jones Industrial Average closing 6.76 points higher at 2,603.48 on low volume of 126m sharee. Key indices on the American Stock Exchange and the Nasdaq over-the-counter market closed lower.

The Dow fell more than 90 points lest week, partly reflecting a string of disappointing earnings announcements and concern that the US Federal Reserve is not moving swiftly enough to ease monetary policy in response to mounting economic weakness.

There has also been a resurgence of criticism about the wild swings in the market caused by stock index arbitrage.

The increased debate since October 13 has once again made programme trading a public issue and may have started to undermine participation in the market by individual investors and some money managers.

This week, the stock market will be looking carefully at various economic releases. The conventional wisdom on Wall Street is that the stock market will not be able to make progress until the Fed is seen once again to ease policy. The last easing, to around 8¾ per cent on Fed Funds, was in concert with interest rate rises in Europe early this month.

Financial markets will be focusing particularly on publication tomorrow of the Fed's Tan Book of regional economic reports, used as a guide to monetary policy-making at the Federal Open Market Committee, and on Friday'e publication of Octoher employment statistics.

Another weak employment report on Friday might trigger an easing to an 8½ per cent Fed Funds rate soon.

If a clear move towards 8½ per cent does not emerge, the stock market could find the going difficult.

In spite of the sharp fall last week, the Dow has still not been near a test of the 2,500 level which many think is a prerequisite for a further, sustained rally.

UAL yesterday rose $3½ to $174½ on speculation that Mr Marvin Davis may be planning a new bid for the airline and had approached the unions for their support.

Kellogg fell $1⅞ to $69⅞ on news that the company has indefinitely suspended work on a planned $1bn cereal plant and on its report of third quarter earnings below the year ago level.

Chevron added $1 to $67¼ on rumours that Pennzoil is building a stake in the company.

Nashua, the office products company, jumped $4⅛ to $33⅞. The company said that it plans to repurchase up to 1m of its common shares in an attempt to ward off a potential takeover hid hy Reiss & Co of The Netherlands.

Canada

TRADING was light in Toronto and the TSE 300 composite index ended up 2.90 to 3,887.20. Tnrnover at 20.7m shares worth C$233.4m was well below Friday's 26.7m shares worth C$318.9m.

Among the sub-groups, only moderate gains in financial services and mining stood out. All of the other sectors were little changed.

Investors remained unhappy with Campeau stock, which fell C$⅛ to C$6⅞ after declining C$1¼ on Friday.

The company said on Friday that rumours it had filed for bankruptcy protection in the US were "ridiculous."

EUROPE

Revival of takeover talk brings no boost to volume

BIG markets brought speculative issues back to the table yesterday, but some of tbeir smaller brethren were worried about tax, and other politico-economic issues, *writes Our Markets Staff.*

PARIS was helped higher by a sharp rise in Navigation Mixte, as it returned to trading after a week's suspension and was immediately driven up by speculation that the Paribas bid was running into a battle.

Allianz of West Germany, which agreed last month to buy half of Mixte's insurance interests, said yesterday that it had received official approval to lift its stake in the conglomerate from about 5 per cent now to over 20 per cent. It also referred to last week's board resolution at Mixte, describing the Paribas offer of FFr1,850 a share as too low.

Mixte shares closed FFr108 higher at FFr1,908, a rise of 6 per cent. Heavy trading of sbout 3.5 per cent of the company's capital helped to swell overall volume, but this was nevertheless thought to be fairly low at FFr2.5bn.

Wall Street's better opening helped a still unsteady mood and the OMF 50 index gained 8.4 to 492.95, after last week's 5.9 per cent fall. The opening CAC General index was at 502.8, or 10 per cent below its October 11 high of 561.6.

FRANKFURT was still situation-driven, but motoring slowly with turnover down DM1bn to DM2.6bn, the FAZ index 4.06 lower at 615.09 at mid-session and the DAX recovering slightly to close 3.36 higher at 1,466.29.

The eituetione were well-worn. Continental, the tyre manufacturer, rose DM8.50 to DM340.50 on the hope that one of a eheaf of takeover rumours, involving domestic, Italian and Japanese contenders, might come to fruition. Continental ran third in the volume stakes with DM137m traded.

Veba, the acquisitive utility which has had a string of fine results, and a strategy which involves diversification away from electricity generation, rose 50 pfg to DM316. The man who built it into West Germany's fourth-biggest in terms of sales, Mr Rudolph Bennigsen-Förder, died on Saturday, having been chairman of the management board since 1971.

In May, Veba bought a 46 per cent stake in Feldmühle Nobel which, until yesterdey, had outperformed the market by 20 per cent over one month, and by 53 per cent over three, on the view that Veba would soon bid for the rest, or sell its stake on to another company which would. Feldmühle fell DM8 to DM540.50 yesterday.

MILAN remained depressed, the Comit index falling 3.71 to 639.97 in thin turnover, estimated at around Friday's level of L170bn. General sentiment was influenced by the confirmation of two widely expected rights issues, from Alitalia and Mediobanca.

Price and timing of the Alitalia issue have not yet been announced, but it is estimated that the two cash calls could account for around L1,000hn, or roughly 10 per cent of the total being raised from the market this year.

AMSTERDAM continued to pace itself by London and Wall Street, whose better performances during the Dutch trading day yesterday produced a partial recovery from laet week's 5.4 per cent drop. The CBS tendency index rose 2.5 to 179.9; news that Mr Wim Kok, leader of the Labour Party and a former union leader, would be the new Finance Minister had little impact.

Center Parcs had a rather mysterions Fl 4 rise to Fl 64, apparently with one big buyer in the market.

MADRID was true to form and showed little immediate reaction to the overall majority won by Mr Felipe González's Socialists in Sunday's elections. But the steady downward drift of last week came to a halt with a rise of 0.08 in the general index to 304.89.

There was more positive news in eharp increases in third quarter profits at the Banesto and Central banks. But investors are still feeling very uncertain, both about the direction of world markets and about the economic measures planned hy the Socialists, and volume remained low.

BRUSSELS fell further on fears that Belgium's corporation tax will be cut on a nominal basis, without easing the real tax burden of companies. The cash market index closed 89.45 lower at 6,205.97 in slow trade. Past speculative appeal failed to support Groupe AG, down another BFr400 to BFr11,250.

STOCKHOLM worried about the prospects for a planned cut in income taxes, and the Affärsvärlden General index fell 17.4 to 1,220.7.

OSLO was nervous ahead of Friday's revised state hndget and disappointed hy third quarter company results. The all-share index fell 7.50 points to 472.58.

HELSINKI closed higher in very quiet trade with many investors still staying away because of uncertainty over the economy and worries abont the Wärtsilä Marine shipbuilding company which is facing a bankruptcy hearing today.

The Unitas all-share index rose 0.3 per cent to 666.5.

ISTANBUL share prices jumped by 4.6 per cent in nervous trading before the expected election by Parliament today of Mr Turgut Ozal as Turkey's new President. The index rose 71.88 to 1,631.33.

Staying power becomes a rare commodity

MARKETS IN PERSPECTIVE

	% change in local currency †				% change in sterling †
	1 Week	4 Weeks	1 Year	Start of 1989	Start of 1989
Austria	-6.87	-6.56	+65.79	+65.19	+83.37
Belgium	-3.56	-4.50	+10.27	+8.51	+18.57
Denmark	+0.22	+3.56	+45.87	+27.96	+40.69
Finland	-0.87	-2.25	-1.84	-3.62	+8.40
France	-5.02	-7.11	+22.41	+15.67	+29.60
West Germany	-3.32	-7.20	+13.53	+12.72	+25.36
Ireland	-3.25	-1.93	+17.40	+25.12	+38.05
Italy	-3.60	-6.76	+6.52	+5.52	+17.53
Netherlands	-4.20	-6.09	+15.68	+14.20	+27.06
Norway	-5.79	-9.05	+47.17	+27.44	+39.54
Spain	-2.67	-7.66	+4.40	+9.72	+21.72
Sweden	-3.19	-3.74	+39.57	+26.75	+39.25
Switzerland	-3.77	-4.79	+9.35	+18.53	+27.69
UK	-4.28	-9.38	+9.78	+14.18	+14.18
EUROPE	-3.97	-7.73	+12.93	+14.13	+21.06
Australia	-2.95	-6.41	+3.99	+10.93	+15.91
Hong Kong	-1.19	-2.63	+5.40	+0.79	+15.62
Japan	+0.50	-0.55	+23.38	+11.26	+12.41
Malaysia	-2.18	-3.62	+40.63	+35.39	+56.09
New Zealand	-5.10	-7.91	+8.31	+18.95	+28.21
Singapore	-3.86	-5.46	+23.52	+23.49	+40.39
Canada	-1.97	-2.57	+15.62	+15.75	+34.92
USA	-3.52	-4.58	+19.85	+20.25	+87.96
Mexico	-3.59	+2.21	+127.34	+120.38	+120.89
South Africa	+4.64	-4.48	+32.43	+32.52	+46.83
WORLD INDEX	-1.85	-3.57	+18.47	+14.64	+22.53

† Based on Friday October 27, 1989

By William Cochrane

RESILIENCE was a fragile quality in world stock markets last week. Only three of them rose, two of those barely, and the third, South Africa, was driven up by the price of gold, the standard escape hatch when markets are in trouble.

The FT-Actuaries World Index dropped 1.85 per cent on the week, cancelling out the 1.2 per cent gain of the week hefore. This time it did not have an ebullient Wall Street, up on the rebound after its plunge on Friday the 13th. Japan, the other saviour after the mid-October mini-crash, pnt up a worthy, but more restrained, performance.

Like a fighter who got off the floor too quickly, US shares staggered last week and retreated five days in a row, on disappointment with corporate earnings reports and prospects for some of the companies concerned. They ended 3½ per cent lower after a 3.9 per cent gain in the week before.

Japan saw nervousness and profit-taking in conflict with bullishness abont interest rate-sensitive stocks and companies which are expected to profit from the strength of domestic consumer demand. It rose 0.5 per cent, after the 1.64 per cent gain a week earlier.

Denmark has now risen, albeit modestly, for four weeks in succession. The relative strength of equities is intriguing given that the Danish krone is the weakest currency in the European Monetary System, and that the bond market has been weak because of this and the country's precarious political situation.

Mr Flemming Barleth, managing director of Danske Securities in Copenhagen, says that investment institutions had declared that the market was cheap even hefore Europe's October 16 response to the US collapse. He also says it has seen foreign investors buying big shipping companies, banks and the insurance company majors, in contrast with their apparent withdrawal from other markets.

After a hesitant start with very low trading volumes, say brokers Hoare Govett, South Africa picked up on the back of a better gold price, and responsible noiees about economic policy. Institutions are putting more funds into direct gold ehares, particularly following the move in the hullion price over the $370/oz level.

Last week's loeers, once again, were more evident in Enrope, which was down another 4 per cent, all told.

Within that, the 6.7 per cent decline in Austria, after a 7.5 per cent drop in the previous week, reflects the sheer scope for profit-taking. Mexico apart, Austria's residual 65 per cent gain since the start of this year is still the best in the world.

The accelerated 5 per cent decline in France demonstrates the more limited ahility of speculative activity to move a market worried ahout Wall Street, following the Paribas bid for control of Navigation Mixte.

A 5.7 per cent drop in Norway, says Mr Mikael Sjöwall of Kleinwort Benson, was the effect of a series of disappointing company results.

The other 5 per cent plus decline was in New Zealand, seen as a nervous reactioo to volatile world markets.

ASIA PACIFIC

Speculation takes up the slack as trade stalls

Tokyo

INTEREST was confined to speculative stocks in Japan yesterday, as a lack of incentives and worries about global financial trends depressed both prices and turnover in the hroader market, *writes Michiyo Nakamoto in Tokyo.*

The Nikkei closed down 109.85 at 35,417.44 after fluctuating hetween a high of 35,523.17 and a low of 35,335.82.

Sansui Electric, the troubled audio company, came under heavy selling pressure when it resumed trading after last week's news that it was being acquired by Polly Peck International, the British conglomerate. It fell hy the daily limit of Y200 to Y1,050 as investors took a dim view of the sale of 39.13m Sansui shares to Polly Peck at the low price of Y400 per share.

The Tokyu companies again attracted by far the greatest interest after a weekend report in a leading daily newspaper that the group had decided to raise mutual shareholdings in an effort to ward off unwanted speculative stake-builders.

The transport to retail group has been the target of Daiichi Real Estate, which owns the Tiffany Building in New York as well as sizeable stakes in a wide variety of Japanese companies.

Investors welcomed the likelihood of a reduction in the number of the group's shares available on the market, and Tokyu, the railway company at the core of the group, gained Y150 to Y2,890 in the day's most active trading of 64.8m shares.

Tokyu Land, the real estate company, was second with 31.4m shares and rose Y220 to Y1,790, while Tokyu Department Store, which is said to be involved in negotiations to acquire Bloomingdales, the New York department store, gained Y260 to Y2,410 in active trading.

In the market as a whole, declining stocks outnumbered advances by 551 to 349, with 224 issoes unchanged. Turnover was more than halved to 582m shares from the 1.24bn traded on Friday. The Topix index of all listed shares lost 5.16 to 2,676.60, while the ISE/Nikkei 50 index in London closed up 1.49 at 2,062.80.

Last week's announcement that consumer prices in Japan had risen more than expected was a severe blow to investors, who had entertained hopes of a general trend towards lower interest rates ever since the collapse on Wall Street on October 13 and the consequent easing of the dollar.

A Japanese national holiday on Friday and the announcement of US employment data for October on the same day give investors all the more reason to remain uncommitted. Tokyo is in a mood to wait for direction from overseas.

Trading lacked vigour in Osaka, too, where investors retreated to the sidelines. The OSE average lost 127.25 to 36,210.20 and volume sank to 49.6m shares from the 106m traded on Friday. Mitsui Real Estate, recently popular, lost Y130 to Y3,050 on profit-taking.

Roundup

THE MALAYSIAN and Singapore markets had plenty to think about after last week's decision by Kuala Lumpur to cut links with its neighbouring exchange. Elsewhere the mood was better, though not convincingly so.

KUALA LUMPUR was nervous about the proposed split with Singapore and the market fell heavily as Singapore investors in particular sold Malaysian stocks. Wall Street's losses on Friday appeared to be just as much to blame, however, and trading was thin. The composite index fell 11.73, or 2.4 per cent, to 470.91, with Selangor Properties down 17 cents at 2.06 ringgits and Genting falling 35 cents to 8.85.

SINGAPORE expressed more muted concern over the long expected move. What selling there was came from small investors, and the institutions did little trading, the view being that it was Singapore's stockbrokers, not its other companies, that would suffer from the split.

The Straits Times industrial index lost 16.49 to 1,302.78, ending well above its lows. Turnover was a fairly low 58.9m shares, up from Friday's 49.2m, and losses led gains by 216 to 15.

Lower-priced Malaysian stocks and some plantation issues lost ground. Against the trend, Singapore Airlines' local shares gained 30 cents to S$13.60 after announcing higher interim profits, and the foreign shares gained 10 cents to S$18.30.

AUSTRALIA was forced into a better mood by a sharp rise in the price of gold hullion, and the All Ordinaries index made up over half of its 28-point fall on Friday with a gain of 15.9 to 1,637.0.

The gold index surged 96.9 points, or 6.4 per cent, to 1,595.5, and Placer Pacific, the gold producer, jumped 35 cents to A$3.05. Turnover at 108m shares worth A$208m was well below Friday's options-driven 183m worth A$600m.

Resources stocks were huoyed by the gains in golds as CRA rose 10 cents to A$10.80 and Western Mining 14 cents to A$5.72.

HONG KONG had its first gain in five sessions, but the pattern of quiet, thin trading was unimpaired. The Hang Seng index gained 12.31 to 2,680.30, well below early gains, while turnover shrank to HK$531m from Friday's HK$660m.

TAIWAN climbed in near record turnover, boosted by newspaper reports that the annual ceiling on inward remittances of money would be lifted further from the current NT$500,000 per person. The weighted index gained 164.29 to 10,602.07 as NT$172bn (US$6.7bn) worth of shares changed hands.

SOUTH AFRICA

GOLD SHARES again closed sharply higher in Johannesburg but below early highs as the hullion price traded at around $378 an ounce.

The JSE all-gold index rose 102 points to 1,763 shortly before the close. The overall index rose 64 points to 2,673, while the industrial index was 2 points higher at 2,559.

Heavyweight gold ehare Vaal Reefs closed R28 higher at R368.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY OCTOBER 30 1989						FRIDAY OCTOBER 27 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	Year ago (approx)
Australia (85)	147.99	+1.4	139.00	125.72	+0.7	5.26	145.96	137.26	124.89	160.41	126.28	148.46
Austria (19)	148.93	-2.9	139.88	142.17	-2.9	1.71	153.31	144.18	146.41	172.22	92.84	95.62
Belgium (63)	137.13	-1.8	128.80	130.70	-1.4	4.23	139.59	131.28	132.54	144.49	125.58	130.15
Canada (122)	147.57	+0.0	138.61	125.51	-0.1	3.27	147.61	138.82	125.59	154.17	124.87	122.63
Denmark (36)	209.95	+0.5	187.19	204.16	+0.4	1.55	208.90	196.48	203.43	219.89	165.35	148.66
Finland (26)	124.16	+0.4	116.61	110.84	+0.4	2.55	123.63	116.27	110.16	159.16	123.12	127.51
France (126)	151.43	+1.2	123.45	128.55	+1.5	2.93	129.93	122.16	126.66	139.94	112.57	108.45
West Germany (97)	95.02	-1.1	89.24	90.72	-0.6	2.27	96.08	90.36	91.44	103.84	79.56	86.72
Hong Kong (46)	113.20	+0.5	106.32	113.48	+0.5	4.96	112.65	105.94	112.96	140.33	86.41	107.52
Ireland (17)	158.42	-0.1	148.79	154.42	+0.0	2.87	158.53	149.09	154.42	188.69	125.00	140.81
Italy (97)	86.59	-0.7	81.33	87.08	-0.6	2.63	87.16	82.00	87.61	96.73	74.67	83.80
Japan (455)	187.02	-0.3	175.65	187.98	-0.2	0.45	187.51	176.43	188.34	200.11	164.22	173.76
Malaysia (36)	191.08	-2.1	179.47	196.21	-2.2	2.68	195.21	183.58	202.69	209.22	143.35	140.37
Mexico (13)	301.39	-3.3	283.07	865.65	-3.0	0.60	311.52	292.67	892.03	326.61	153.32	158.00
Netherland (43)	125.52	+0.6	117.89	118.79	+1.2	4.48	124.48	117.05	117.33	131.72	110.63	109.99
New Zealand (19)	75.41	-0.2	70.83	88.12	+0.5	5.18	75.53	71.03	87.78	86.18	62.64	73.65
Norway (24)	166.65	-1.2	156.71	155.61	-1.2	1.68	168.94	158.88	157.77	198.39	139.92	116.51
Singapore (26)	152.82	-0.2	143.54	137.68	-0.5	2.15	153.08	143.94	138.39	170.62	124.57	121.54
South Africa (60)	154.17	+3.1	144.80	134.25	+3.1	4.22	149.50	140.60	130.16	160.24	115.35	111.20
Spain (43)	158.03	+0.4	148.43	139.96	+0.1	3.77	157.40	148.02	139.75	169.75	143.14	150.11
Sweden (35)	173.74	-1.0	163.16	164.54	-1.0	2.08	175.48	165.03	166.16	166.94	138.45	130.79
Switzerland (64)	88.79	-0.1	81.52	86.47	+0.3	2.16	86.88	81.71	86.21	94.18	87.21	84.40
United Kingdom (306)	136.66	+1.5	128.35	128.35	+1.4	4.74	134.65	126.63	126.63	158.41	133.28	137.29
USA (546)	136.12	+0.0	127.85	136.12	+0.0	3.40	136.10	127.99	136.10	146.29	112.13	113.76
Europe (996)	121.82	+0.5	114.23	115.41	+0.6	5.63	121.01	113.80	114.73	132.95	112.53	114.12
Nordic (121)	165.78	-0.4	155.69	152.22	-0.4	1.67	166.36	156.45	152.86	178.38	137.95	125.70
Pacific Basin (669)	182.63	-0.3	171.53	164.14	-0.2	0.72	183.09	172.19	164.43	194.72	160.44	170.05
Euro-Pacific (1665)	158.28	+0.0	148.67	144.66	+0.1	1.63	158.31	148.88	144.57	156.98	141.56	147.70
North America (668)	136.71	+0.0	128.40	135.47	+0.0	3.39	136.69	128.55	135.45	146.66	112.79	114.22
Europe Ex. UK (690)	111.40	-0.2	104.63	107.35	+0.1	2.88	111.57	104.92	107.25	118.51	96.30	99.55
Pacific Ex. Japan (214)	129.97	+0.6	122.07	116.40	+0.4	4.86	128.94	121.26	115.93	140.05	111.93	125.44
World Ex. US (1860)	157.96	+0.0	148.36	144.15	+0.1	1.71	157.85	148.54	144.03	166.35	141.49	146.48
World Ex. UK (2100)	150.38	-0.1	141.24	142.70	-0.1	2.02	150.56	141.59	142.78	156.04	136.96	133.50
World Ex. So. Af. (2346)	149.10	+0.0	140.04	141.40	+0.0	2.23	149.11	140.23	141.34	155.92	136.87	133.96
World Ex. Japan (1951)	131.09	+0.2	123.12	127.65	+0.3	3.54	130.76	122.97	127.32	140.43	114.51	114.88
The World Index (2406)	149.13	+0.0	140.07	141.35	+0.1	2.25	149.11	140.23	141.26	155.89	136.58	133.82

Constituent change:30/10/89:Deletion:American Medical(US). Irish market closed October 30.